CHRISTMAS AND YEAR-END REVIEW OF CHINA IN THE FIELDS OF POLITICS, BUSINESS AND INTERNATIONAL AFFAIRS

The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

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SATURDAY, DECEMBER 17, 1932 VOLUME 63, NUMBER 3

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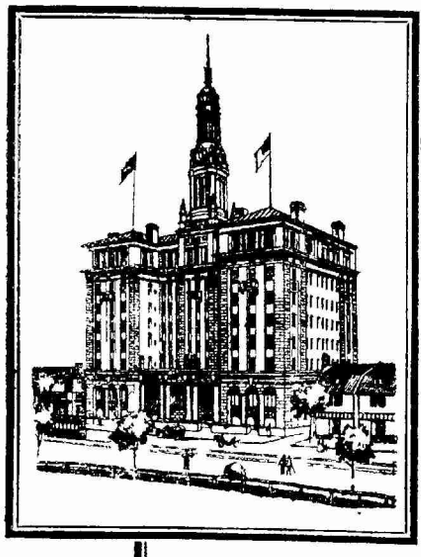

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The National City Co. Gold Bond Quotations Received From Head Office

Dec. 8, 1932,

SECURITY	RATE &	DATE DUE	Price	Approx Yield%
The National City Bank of New York		Stock	44¼	—
Argentine Government	6 %	May 1, 1960	49	—
U. S. of Brazil	6½%	Oct. 15, 1957	14¾	—
Republic of Finland	6½%	Sep. 1, 1956	60	—
German Central Bank for Agriculture	6 %	Oct. 15, 1960	48¾	—
Kingdom of Italy	7 %	Dec. 1, 1951	99	7.10
State of Minas Geraes Series "A"	6½%	Sep. 1, 1959	14	—
State of Sao Paulo (Brazil)	7 %	Oct. 1, 1940	53¾	—
American I. G. Chemical Corporation	5½%	May 1, 1949	72	8.73
Chine Westphalia Electric Power Corp.	6 %	Apr. 1, 1955	49	—

QUOTATIONS RECEIVED FROM LONDON OFFICE

Republic of China Gold Loan	5 %	1925	71	—
Chinese Govt. Re-org. (£) Loan Stamped	5 %	1913/60	78½	—
Chinese Govt. Re-org. (£) Loan Unstamped	5 %	1913/60	76½	—
Chinese Government (Crisp Loan)	5 %	1612	43	—
Shanghai-Nanking Railway	5 %	1904/08	44	—
Shanghai-Hangchow-Ningpo Railway	5 %	1908/58	82	—
Hukuang Railway	5 %	1911/1951	29	—
Tientsin-Pukow Railway	5 %	1908/09	30	—

NOTE: The above quotations are received by cable, and whilst believed to be correct, are not guaranteed.

The National City Bank of New York, Rates of Exchange

Shanghai Dec. 14, 1932.

Demand selling rate on America:	U.S. $1.00=Sh. $5.0877
Demand buying rate on America:	U.S. $1.00=Sh. $4.9804
Demand selling rate on London:	£1.0.0=Sh. $16.657
Demand buying rate on London:	£1.0.0=Sh. $16.313

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Latest New York Stock Exchange Quotations

Market—Easy Business Done 730,000 Shares

Dec. 14, 1932

1931-2 High	Low	Div.$ per Sh.	STOCKS	Mon Dec. 12	Tues Dec. 13
9½	1⅝	—	Adams Express	5⅞	5½
88¼	42½	*6.00	Allied Chemical & Dye	80¾	79½
15⅝	4	—	Allis Chalmers	Unq.	7½
73⅞	29⅝	*4.00	American Can	54¼	53⅝
15	2	—	American & Foreign Power	7¾	7¼
10	1⅛	—	American & Foreign Power Warr.	5⅛	5⅛
27¼	5¼	—	American Smelting	13¾	13¼
137⅜	70¼	9.00	American Telephone & Telegraph	107⅛	105½
89¾	44	*5.00	American Tobacco "B"	59⅞	59
34½	11	2.00	American Waterworks	17¾	17¼
19⅜	8	—	Anaconda Copper	8	7⅞
151¾	28¾	*4.00	Auburn Automobiles	46	45¾
21⅜	3¾	—	Baltimore & Ohio	10⅞	10⅜
29⅝	7¼	—	Bethlehem Steel	16⅛	15¼
43⅛	20	*2.00	Borden Company	25½	25
14¼	3⅜	—	Borg Warner	8⅞	8⅝
20⅝	7¼	—	Canadian Pacific Railway	13⅞	13⅛
65¾	16¾	—	Case, J. I.	43⅛	41⅞
47⅞	19	2.00	Chase Bank	36½	35¾
20¾	4⅞	2.00	Chesapeake Corp.	15¾	15¼
21¾	5	1.00	Chrysler	16⅝	16½
6⅞	1¼	—	Cities Service Company	3	3
21	4¼	1.00	Columbia Gas & Electric	15	15
5¾	1⅝	.30	Commonwealth & Southern	2½	2½
1	1/16	—	" Warr.	5-16	¼
68¾	31¼	4.00	Consolidated Gas of N. Y.	69	58¼
9⅜	3⅝	—	Continental Oil	6	6
55⅝	24¾	*3.00	Corn Products	52½	52¼
7⅜	1½	—	Coty Inc.	3½	3½
3¼	⅞	—	Curtiss Wright Company	1¾	1⅝
18⅝	5	.75	Douglas Aircraft	10⅞	Unq.
57	23	4.00	Drug Incorporated	33⅝	33¼
59¾	22	2.00	Du Pont de Nemours	37⅞	37¼
87⅞	35¼	3.00	Eastman Kodak	54¼	54½
45	5	6%S	Electric Bond & Share	19¾	19⅜
16	2¾	—	Electric Power & Light	7	6⅞
5⅝	1	—	Fox Film "A"	2	2
26⅛	8½	.40	General Electric	15⅝	15¾
40½	19⅝	2.00	General Foods	24¾	24⅛
24⅝	7⅝	1.00	General Motors	13¾	13¾
28⅝	6½	1.00	General Railway Signal	18	18
24¼	10⅜	1.00	Gillette Safety Razor	18	18
20⅝	8¼	1.60	Gold Dust	15⅝	15¾
29¾	5½	—	Goodyear Tire & Rubber	17	16¼
18¾	3⅝	—	International Cement	8¾	8⅝
1⅞	½	—	International Com Engine.	Unq.	⅝
34½	10⅞	1.20	International Harvester	23	22⅛
12½	3½	—	International Nickel	8	8
15¾	2⅜	—	International Telephone & Telegraph	7⅞	7⅝
33⅜	10	—	Johns Manville	22½	21⅜
19¼	4⅞	—	Kennecott	9½	9
9⅛	1/32	—	Kreuger & Toll	⅛	⅛
67¼	32½	*4.00	Liggett & Myers, "B"	55⅛	55⅛
37¾	13¼	*3.00	Loew's: Inc.	28⅜	27⅞
18⅜	9	1.20	Lorillard P. Co. (Com.)	14	13⅞
11⅜	1½	—	Lu lum Steel	5⅞	Unq.
16½	3½	—	Montgomery Ward	14	13⅝
64½	23¾	2.00	National City Bank (bid price)	44¾	43¾
10¼	2½	—	Nevada Copper	4⅞	Unq.
86⅝	8¾	—	New York Central	22½	21¾
43¼	13¾	10%	North American Company	29½	28¾
37	16⅞	2.00	Pacific Gas & Electric	29⅞	29¾
5¼	1½	—	Packard Motors	2⅜	2½
11¼	1½	—	Paramount—Publix	2½	2
23⅜	6½	—	Pennsylvania Railroad	14¾	14¾
4⅜	1	—	Penn-Ohio Corporation	1¼	1½
8⅜	2	—	Phillips Petroleum	5⅜	5⅜
60	28	3.20	Public Service of N. Jersey	51	50½
12½	2½	—	Radio Corporation	5½	5¼
7¾	1½	—	Radio-Keith Orpheum	3¼	3⅛
40¼	26½	3.00	Reynolds Tobacco "B"	Unq.	29⅞
37⅜	9⅜	—	Sears Roebuck	21½	20¾
8¾	2½	—	Shell Union	5⅝	5¼
13⅜	3	—	Simmons Company	8	7¾
12¼	5¼	.80	Socony-Vacuum Corp.	8	7⅞
25¾	15¾	2.00	Southern California Edison	25¼	25¼
34¼	7⅝	2.00	Standard Gas & Electric	12⅞	13⅛
37⅜	19⅞	1.00	Standard Oil of N. Jersey	31⅜	30¾
18¼	9¼	1.00	Texas Corporation	14¾	14¼
26¾	12	2.00	Texas Gulf Sulphur	23½	23⅜
7⅛	2⅛	—	Trans America	5	5
36⅜	15½	1.20	Union Carbide & Carbon	25½	24⅞
94½	27⅝	6.00	Union Pacific Railway	72	70⅜
34⅜	6½	—	United Aircraft & Trans.	26¾	25¾
14	3½	.40	United Corporation	8⅞	8⅝
22	9¼	1.20	United Gas Improvement	19¼	19⅝
10¼	1¼	—	U. S. Rubber	4⅞	4⅞
52⅝	21¼	—	U. S. Steel	32⅝	31⅞
23¾	5¼	—	Vanadium	12⅝	12
4½	½	—	Warner Bros. Pictures	1¾	1⅞
43½	15⅞	—	Westinghouse E. & M.	28¼	27¾
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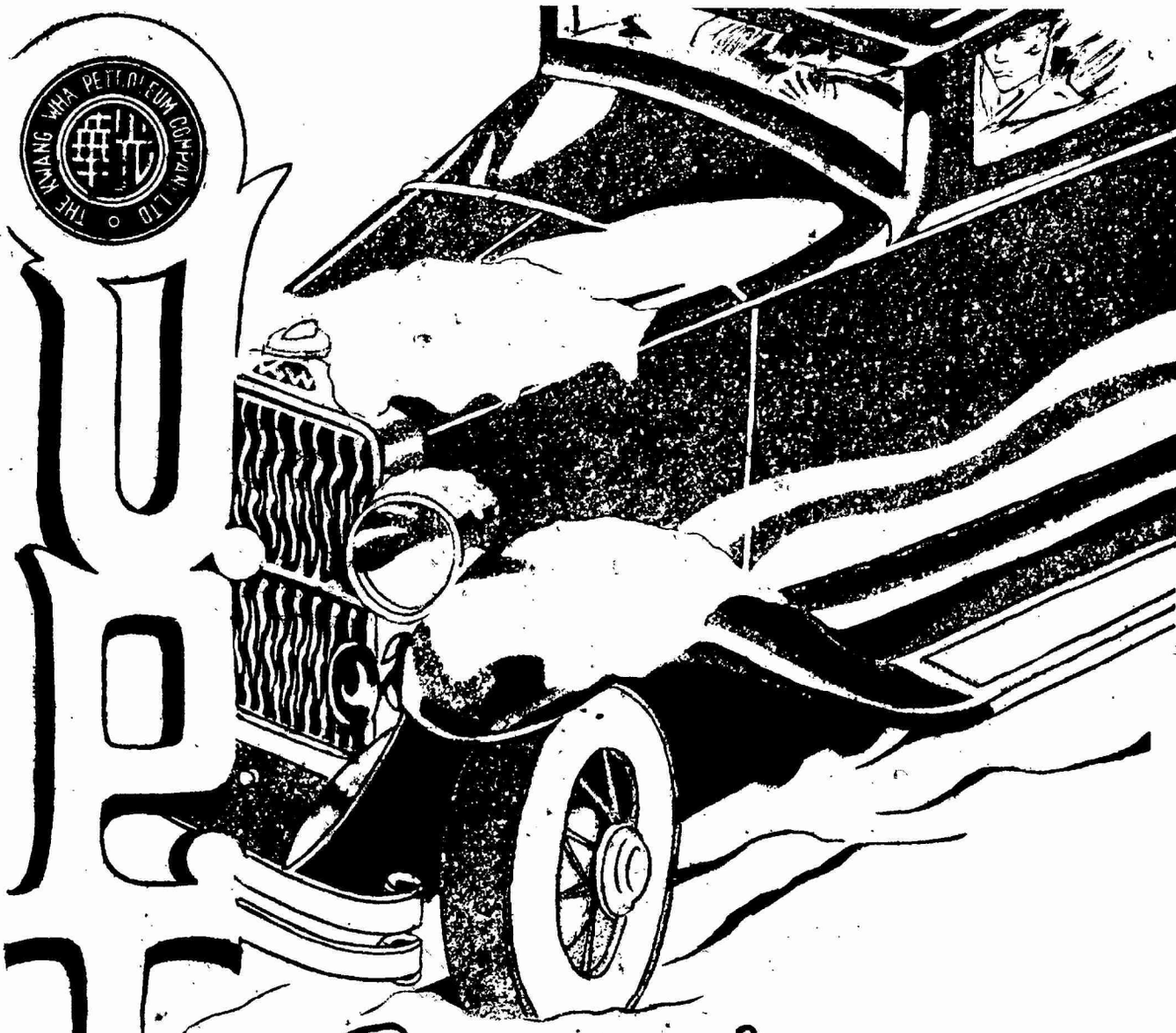

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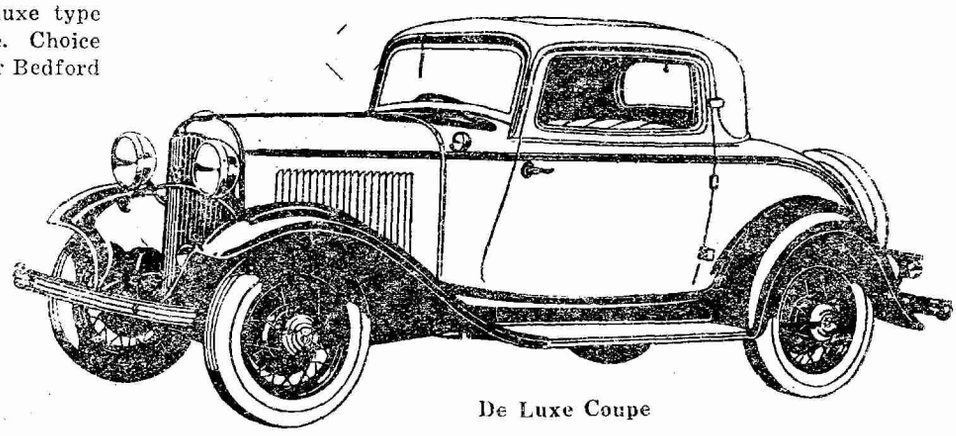

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密勒氏評論報

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Formerly Millard's Review

中華郵政特准掛號立券之報紙

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WASHINGTON OFFICE
J. J. Underwood—Correspondent
Colorado Building, Washington. D. C.

MORE INFORMATION ON MURDER OF YU CHUNG-HAN AT CHANGCHUN

IN connection with an article in *The Review* on Dec. 3 referring to the murder of Yu Chung-han, head of the control yuan of Manchukuo, the statement appeared that the only publication which had reported the murder was *Time Magazine*, published in New York. According to a letter received this week from an American correspondent who has been covering the Manchurian situation, the facts about the Yu Chung-han murder were cabled to the United States from Mukden and appeared in *The Chicago Daily News* on Oct. 13, and also in other American papers receiving the dispatches of the *Associated Press*. Our correspondent stated that the censorship established by the Japanese authorities in Manchuria through the recent organization of the *Manchurian News Agency*, applies only to news sent out of Manchuria to newspapers in China and Japan and apparently does not apply to dispatches intended for America and Europe which are sent out of Mukden by foreign correspondents. The censorship at Harbin however, apparently does apply to all newspapers, American and European as well as papers in China and Japan. The fact that the Japanese military censors did not permit the news of the murder of Yu Chung-han to be published in either China or Japan, led to the impression it also had been suppressed from the standpoint of publication in America and Europe. However, they did permit the report to be cabled abroad.

The false report referring to the handing over of Gen. Su Ping-wen to the Japanese authorities by the Soviets, which was broadcasted over the world from Tokyo on the night of December 8, apparently was the first major "scoop" of the newly established *Manchurian News Agency* which is headed by Hajime Satomi, formerly in charge of the information department of Gen. Muto's military headquarters at Changchun. As indicated elsewhere in this issue, Gen. Su Ping-wen was not handed over to the Japanese, but apparently is being permitted to proceed to Geneva.

As indicated in a previous article in *The Review* on Dec. 3, the Japanese have withdrawn the correspondents from the two news agencies, *Rengo* and *Nippon Dempo* from Manchuria and in their place have established a new news organ, *The Manchurian News Agency* which is controlled by the military authorities.

PEARL BUCK URGES "FEWER AND FINER" MISSIONARIES

MRS. PEARL BUCK, author of "The Good Earth," "Sons," and other books dealing with Chinese life, has now turned to the matter of types of missionary workers sent to China from the United States and other western lands. The following paragraphs are from an address which Mrs. Buck delivered recently in New York at a luncheon which was attended by 1,200 Presbyterian women, the account being from the *New Herald-Tribune*.

When the microphone was pushed to her she rose quietly and announced that she meant to speak on "The Case for Foreign Missions." She began by explaining that all the many criticisms made of missionary work—that it was narrow and arrogant, that the money was best spent at home, that it did the evangelized countries more harm than good—boiled down to the fundamental question: "Is there a case for foreign missions?"

China, she said, was not an anti-foreign country, although there were, of course, ultra-nationalistic elements in it, and yet the missionaries were often disliked by the intelligent Chinese. "The intelligent Chinese," she remarked, "are unwilling to see a narrow and sectarian form of religion fostered among their people in return for a few hospital facilities, a little flood relief, a little education. The truth is too many of the missionaries today are too small for the situation. I have heard them criticized in the bitterest terms and agreed. I have seen them narrow, arrogant, sure and stupid in their own belief, and disdainful of a great culture. I have seen them scornful, vulgar, ignorant and superstitious, and I have seen them making over Chinese converts in their own image."

She wondered, she said, when she first came to this country if the average American Christian was as mediocre as many of the men and women sent out. She found that those sent out were sent very often because there was nothing else to do with them. "Good consecrated—and what a quantity of sloppy thinking that word covers—people so boring that no congregations at home could bear them, young men and women unprepared for any sort of work, much less for that which takes more preparation than any other"—such were the types she found being considered for mission work.

When even a mediocre man was placed in another culture without resources of his own he became narrow, she declared, and moreover, even a good man had obstacles put in his way by those at home. "Our forefathers believed," she continued, "that out of some Christian church, or even out of their special church, a soul was eternally damned, and that remains in the hunger for statistics of conversions on the part of mission boards that hinders many good men. I have watched one great missionary, one of the men that provide the final justification of the work for me, go further and further into the interior, further and further from the organization that called him unorthodox because day by day in the magnitude of his work he was outgrowing and casting off his creed and getting closer to the actual gospel. If I go to one of the villages where he worked his name is a passport today, years after his death."

Why, she asked, did she still believe in missions? Because she was unwilling to see the figure and idea of Christ, whether he was only the finest imagination of mankind or no, forgotten on earth. She had come to the conclusion, she said, in spite of all her disgust and irritation, that Christians were on the whole better than the average, no matter how very little Christians they were.

"Let us send fewer and finer men," she concluded. "Let them become a part of the country, not professional intruders, really nice Christians. Let the messenger and the message suit the people for whom they are intended. I should like to see every missionary sent out to satisfy a real need of the people in a particular place. Above all, that removes the stigma of moral arrogance that goes with preaching to a people more skillful in the arts of life than we ourselves are. I am weary unto death of preaching. I have spoken as a countrywoman of your race. By years and understanding I am Chinese, and as Chinese I say to you: Come to us no more in arrogance of spirit, but come to do and to work, to understand and become a part of the country."

JAPANESE MILITARY CIRCLES INSIST ON HIGHER TAXATION

AS a result of the artificial stimulus given to trade by the depreciated yen, and also bearing in mind that the figures themselves are given in terms of depreciated yen, the foreign trade of the Island Empire for the first ten days of this month, (according to a Japanese Ministry of Finance statement) showed a favorable balance of Yen 7,882,000. Mostly as a result of Government action in preventing freedom in the making of foreign transfers the yen has been kept just above the Gold $0.20 mark, on the same principle, but not to the same extent that the Russian rouble is held at an artificial value.

In the meantime the political factions in Japan are engaged in acrimonious debates as to the best way of raising funds to pay off Japan's huge debts. The Finance Minister Mr. Takahashi, resolutely sticks to his original determination not to increase taxes, but to issue bonds in wholesale quantities. He insists that it is impossible to ask people whose income is decreasing daily to pay still more taxes. In this connection the *Japan Chronicle* says: "The flotation of loans hitherto has been mainly by way of printing notes and handing them to the Government in exchange for bonds. On one point the Government has been rather too nervous, perhaps. When patriotic feeling was at its height, large issues of bonds might have been disposed of on the open market. The Government, however, was very reluctant to try the experiment, since any failure in this direction would have had the most depressing reactions. It is probably too late to try the experiment now, for confidence is being lost rapidly. It is an anxious time, and unless normal conditions can soon be restored, the future will be very deeply in pawn."

Military circles in Japan continue to insist that heavier taxes shall be imposed on millionaires and business companies paying large dividends. For this purpose military circles advocate a sweeping reform in the taxation system, estimating the increase in the revenues possible thereby at approximately Yen 250,000,000 annually. Other plans said to be under consideration by the military party in Japan include a radical reform in the administrative system and a material cut in subsidies paid from the state coffers. As regards the dividends to be paid by business companies, it is suggested in military circles that a certain limit shall be fixed as the maximum rate, imposing heavy taxes on companies capable of paying dividends higher than this limit. It is also advocated that the customs houses keep stricter vigilance over those who have been evading the payment of duties, and heavy penalties be imposed on them.

Interviewed by the *Jiji Shimpo* in this connection War Minister Lieutenant-General Araki is quoted as saying:

> "Personally I think the Government will be able to carry out a sweeping reform at this right opportunity, especially when there is no cause to worry about the future of the State finances as Finance Minister Takahashi says. Even if the budget estimates of the Government increase by one or two billion yen a year during the next few years, we can not help it now that we have started our business. We have to help others even if we have to make ourselves poor for that purpose. By making ourselves poor in order to help Manchoukuo, we shall, in the long run, be able to raise our reputation among the Powers and increase our national power. If our nation is united in going ahead with this determination, I am convinced that no pessimism is warranted regarding our international and financial position."

The tug of war will come at the sixty-fourth ordinary session of the Diet which will commence its sittings December 24 but will not get down to real business until January 20. In the House of Representatives, the Government will experience many uncomfortable moments on account of the not over-friendly attitude of the Seiyukai and the decidedly hostile attitude of the Kokumin Domei, Mr. Adachi's party. But in the other House, it is believed that it will meet with less opposition. The Peers generally seem to be favorably disposed towards the Government.

The enormous new Budget is generally regretted, but there is a widespread impression that it is inevitable in the circumstances. In view, however, of the fact that the big loan issues and the present deplorable state of the exchange are causing a keen sense of concern both to the financial world and to the people generally, the Peers will try to make the Government define its future financial program and the exchange policy so as to remove the public uneasiness and to stimulate industrial development. The Minseito has set up a special committee to study the party's attitude towards the new Budget. It is highly dissatisfied with the new Budget because of the unprecedentedly large figure of Yen 2,200,000,000, and yet is of opinion that expenditure on account of relief, the Manchurian affair and armaments improvement must need be accepted. The Seiyukai is inclined to believe that the Premier's suggestion to his colleagues at a recent Cabinet Council that they should study methods of financial and taxation read-adjustment and submit the results to him was prompted more by tactical motives than true sincerity. The party has already made it clear that it intends to attack the Government in the coming session of the Diet for its lack of any fundamental financial program for the future; and it is very probable that it was for the purpose of blunting the edge of the Seiyukai attack that the Premier came forward with the above suggestion.

The Yen 30,000,000 National Foundation Loan of Manchukuo was over-subscribed twice on Dec. 3 when the subscriptions for this loan were closed, it was officially announced by Reiichiro Yuki, president of the Industrial Bank, representing the bankers' Syndicate for this purpose. This loan was open for public subscription for only three days from December 1. Bearing interest of 5.5 percent per annum, the issue price of the loan was Yen 98 per Yen 100. The loan is redeemable in seven years.

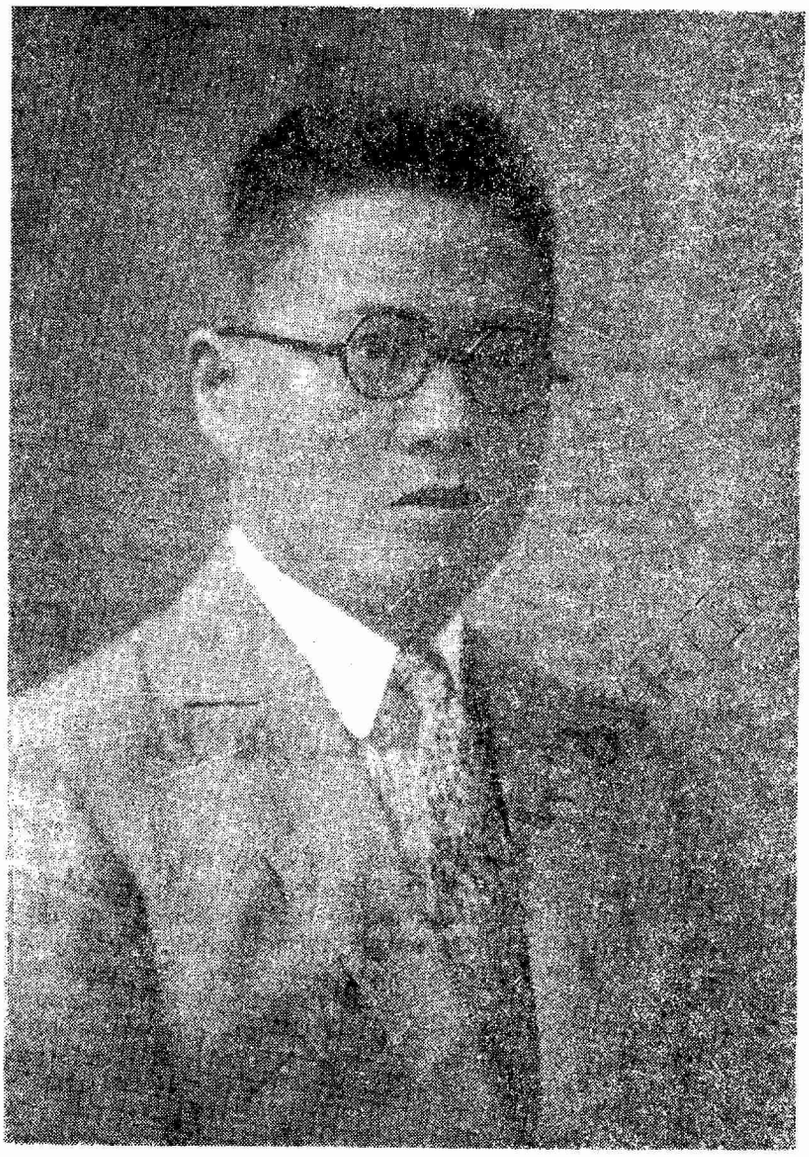
The State of the Country---Are Conditions Better or Worse?

WHILE disturbed conditions within one nation do not provide justification for another and more powerful state to step in and annex the disturbed state or a portion thereof, there is no questioning the fact that Japanese propaganda regarding disturbed political and economic conditions in China, has had a considerable effect in diverting world attention from what Japan has done in Manchuria. Several influential American and European newspapers, in recent comment on conditions in the Far East have emphasized this point—that since China does not possess a unified national government and territory, she obviously cannot claim territorial integrity over Manchuria.

Apparently without realizing it many newspapers abroad have thus swallowed Tokyo's Geneva propaganda that Japan was justified in her conquest of Manchuria because China was not able to govern her own household. And to make the situation worse for China, the warlords in two provinces, Shantung and Szechuen, chose this particular moment for evening scores with their provincial rivals resulting in serious fighting in the two provinces that caused considerable loss of human life and property. A report from Nanking on Nov. 29 stated that the fighting in Szechuen alone had resulted in 20,000 casualties and some $150,000,000 in property loss. These reports circulated over the world had the natural effect of neutralizing China's demand for justice before the Council and Assembly of the League at Geneva. They had this effect because the larger nations which control the League never had any serious intention of helping China anyway, which was due purely to the fact that the European nations which control the League also have colonial dependencies in Asia. Any move on the part of these nations to oppose Japan or strengthen China, would, in the opinion of their leaders adversely affect their own colonial holdings in Asia. The Japanese naturally took advantage of this situation and the results are indicated in the latest dispatches from Geneva showing that both the League Council and Assembly have side-stepped the real issue and are trying to refer the Manchuria issue to the so-called Committee of Nineteen with the addition of American and Russian representation. It is therefore a matter of some significance that the Japanese are now moving more definitely in the direction of outright annexation of Manchuria, a fact proved by a report from Harbin on Nov. 28 stating the Japanese have sent out circular orders to representatives of commercial, agricultural and educational bodies in Manchuria to appoint

representatives for the purpose of deciding upon what form of government would be "best suited" for Manchuria—monarchical or republican. This was interpreted as a definite move preliminary to the restoration of the "boy-emperor" Pu-Yi to the Manchu dragon throne.

In view of these developments at Geneva and elsewhere and of the fact that the Central Executive Committee of the Kuomintang is now holding its third plenary session at Nanking, it is timely to make inquiry regarding the actual state of the country—whether conditions are better or



T. V. Soong, Finance Minister and Acting Chairman of the Executive Yuan, whose statement regarding the growing strength of the National Government is referred to herewith.

worse than they were, say five years ago, ten years ago or twenty years ago. Five years ago China was in the midst of the Nationalist Revolution which had swept northward from Canton to the Yangtsze valley and after a period of hesitation, had passed on to the north, eventually reaching Peiping. A well known American observer in an article contributed to *The Review* on December 3, 1927, referred to the situation at that time in the following words.

"A few men who had caught the vision of freedom and unity and justice and ordered power of government, had swept northward like a tidal wave. But when the movement had reached the Yangtsze valley, it began to falter and disintegrate into the same old personal and factional rivalries and jealousies and its promises are unkept and the people are disheartened....To have realized the great and true ideals of that movement in the time they had planned and proclaimed, would have required the magical creation almost overnight of 10,000 pure-hearted, sacrificial, unselfish, deeply honest officials, military and civil, in every province, hsien and city and a great multitude of people of like ideals and unselfish sacrificial character to support those leaders...."

To go back a decade (1922) we find China emerging from the Washington Conference with a new charter of political and territorial integrity which took the form of the so-called Nine-Power Treaty containing the signatures of representatives of the chief world powers concerned in the Far East. Domestic conditions then prevailing in China were described in an article which appeared in the issue of *The Review* for June 3, 1922,

"The governing power in China today rests with a handful of military officials. Before the recent 'war' the chief power rested with one Chang Tso-ling, who had risen from the ranks of his associates, his rise to fame being accellerated appreciably by Japanese financial and moral support over a considerable period of years....But Chang was not satisfied with his holdings in Manchuria and was ambitious to control all of China. He made a combination with a fellow political leader at Canton—Dr. Sun Yat-sen—the latter being a man of ideals, but who was not above compromise and cooperation with those of somewhat lower ideals and ambitions, if political advantage promised to result therefrom.... These two men, the militarist Chang Tso-ling and the political idealist, Sun Yat-sen, in combination proceeded to move their armies against another gentleman of political mien named Wu Pei-fu, whose holdings were located in Central China. There was fighting, much fighting, and Gen. Chang Tso-ling and Sun Yat-sen were defeated. Really it only was Chang who was defeated, for Sun Yat-sen actually did not get into the struggle....As a result of the fighting the political influence that directed the destinies of China shifted from Manchuria to the Yangtsze Valley....A governmental reorganization took place in Peking and Gen. Wu Pei-fu emerged as the 'strong man of China' and those seeking office flocked to his camp...."

It is impossible for *The Review* to quote from its own pages of twenty years ago (1912) because this paper was not established until 1917, hence we quote the following paragraphs from the well-known book, "Contemporary Politics in the Far East," (written in 1916) by Dr. Stanley K. Hornbeck, present chief of the Division of Far Eastern Affairs of the State Department.

"The bomb whose explosion on Oct. 9, 1911, precipitated the Chinese Revolution was not an extraordinary spark, but it fired an unusual charge of latent human energy. When a local mutiny develops within four weeks into a nation-wide revolt, leading within four months to the abdication of an undefeated ruling family, effecting an accepted revolution among from three to four hundred million people and involving four million square miles of territory, great forces have been at work....It should be remembered that the revolution was not

primarily a movement toward making China a republic. It was in the beginning anti-dynastic. The motto of the revolutionary societies was, 'Down with the Manchus.' The cry, 'Establish a Republic,' was in large measure a campaign slogan: in order to get rid of the Manchus, develop hostility to the existing regime and enthusiasm for a complete change in government both as to personnel and as to form....The revolution, which resulted in the overthrow not only of the Manchus but of the monarchy, was, like revolutions which had preceded it over and over in Chinese history, a protest against corruption, misrule and inefficiency on the pact of the ruling family—together with many of its official 'servants'—and the consequent deplorable state of the realm...."

Elsewhere in this issue of *The Review* appears an article, "Political China—1932" which was written by Samuel H. Chang, former director of the Intelligence and Publicity Department of the Ministry of Foreign Affairs, which gives a complete analysis of present conditions. Hence our interest in connection with the present discussion is to determine if possible whether conditions have become worse as the Japanaese propagandists allege. We therefore can do no better than refer our readers to the article by Mr. Chang who is no longer in official life and in consequence in a position to discuss the situation impartially. However, there is further evidence that political and economic conditions in China have begun to improve and practically indisputable evidence that there has been a decided improvement in governmental finance, the figures for which speak for themselves. But before going into that it is interesting to refer briefly to a series of reports from practially all parts of the country which recently have appeared in the *North-China Daily News*, leading British organ in China. In a majority of these reports, apparently written in most cases by missionary correspondents residing in interior places, the testimony was distinctly on the side of improvement. Road construction, industrial development, educational improvement and a better outlook on the part of the Chinese people, the last mentioned element being evidenced in the generally friendly attitude on the part of the people toward foreigners. These reports quite definitely controverted the recent Japanese allegations regarding the growth of anti-foreignism and that conditions generally are retrograding.

The most comprehensive statements regarding improved conditions were those issued in recent months by T. V. Soong, Minister of Finance and concurrently Acting Chairman of the Executive Yuan. The first statement, issued on June 11, referred to the two major calamities which had afflicted the country, either of which under ordinary conditions would have been sufficient to cause a complete collapse of organized government in the country. The calamities referred to by Mr. Soong were the Yangtsze floods which inundated thousands of square miles of the country's best farming lands and drove millions of farmers and villagers from their homes, and then immediately following this came the Japanese invasion of the northeastern provinces and Shanghai. The ravages occasioned by the floods were largely repaired by the self-sacrificing efforts of public spirited Chinese citizens and foreigners interested in the welfare of the country and its people. Funds raised locally and abroad were used to relieve immediate distress while wheat purchased in the United States was used in lieu of actual money to pay flood refugees engaged in the reconstruction of thousands of miles of dykes along the Yangtsze and tributary steams which had been destroyed as a result of the inundation.

Aside from the immediate loss of life and destruction of property occasioned by the Japanese military invasion of Shanghai and repercussions on the country's business structure by the Japanese military occupation of Manchuria, the first serious effect was felt in the country's national finances. A widespread and disastrous panic through the collapse of banks and paralysis of governmental finances was prevented by prompt official action of the government in the reorganization of domestic bonds. This action placed these securities on a sounder basis and at the same time substantially reduced the current debt charges of the Government. In this manner the authority of the Government over national finance was established so that national revenues which had been detained by provincial and local authorities again flowed into the central treasury. At the same time drastic economies were introduced which restored order and created national confidence. In this manner the Government was able to balance its income and expenditures and dispense with domestic borrowing. This accomplishment, in Mr. Soong's opinion, prevented many of the country's leading banks from collapsing as a direct result of the Japanese invasion at Shanghai. The drastic reduction in governmental expenditures occasioned serious distress in governmental departments and forced the postponements of numerous projects, but the results in the opinion of the Finance Minister, enabled the government to weather a storm which in most countries would have caused complete governmental as well as financial and economic collapse.

The cutting down of funds for military expenditures at first occasioned serious embarrasment in the campaign against the communist bands in central China, but in the end this proved beneficial for it compelled the military leaders to utilize other, or political methods, which in the end proved of more actual benefit. Mr. Soong's latest statement (Nov. 11) which was more comprehensive in that it dealt with the subject of governmental stability, was to the following effect,

"Despite adverse factors such as the invasion of Manchuria and Shanghai, the disastrous floods and the world-wide economic critis, the National Government is steadily growing in strength. As soon as the Japanese army was withdrawn from Shanghai last spring, the Government immediately embarked on a campaign to suppress the Communists who had expanded alarmingly during the Japanese invasion. In a vigorous although unadvertised six months' campaign, the communists' region in the three provinces of Anhwei, Hupeh and Honan, which at one time occupied 30,000 sq. miles, were recaptured, and the organized communist armies completely broken up, so that north of the Yangtsze River there remain only small roving bands of malcontents to be liquidated. General Chiang Kai-shek is now transferring the bulk of his troops to Kiangsi, where remains the last stronghold of communism and in the near future, always provided that no further interruptions are caused by the Japanese armies, the militant phase of communism in China will be definitely closed.

"Superficial observers may be impressed by propagandists' claims that the sporadic fighting in Shantung and Szechuen betrays the growing impotence of the Government, and foreshadows its downfall. It may sound paradoxical, but I rather look on the restraint of the Government as evidence of its growing strength. In September last year, when the Manchurian trouble began, I ventured to prophesy that the period of civil wars was drawing to a close. Time was when armed squabbles among the military were met instantly by peremptory orders and the despatch of government divisions to the scene, but today the Government, convinced that unification of China by force is neither possible nor desirable, seeking to solve local disputes by the exercise of its moral sanctions aided by the growing force of public opinion.

"The League Against Civil War, which is composed of the sound elements of the nation, is gaining rapidly in power and strength, and will soon become an important factor in outlawing the use of military force to solve political problems. As far as its own wishes could determine events, the Central Government will reserve its troops for defence against foreign invasion and the suppression of those elements seeking to overthrow the prevailing social order by force.

"The adoption of this policy of forbearance has so far justified itself. The armed dispute in Canton last summer was localized and burned itself out; the recent squabbles in Shantung have been stopped; and there are reasons to believe that the disturbances in Szechuen will also be quelled without entailing the use of force by the Central Government. I cannot help feel that in aligning itself with the people, who are thoroughly sick of civil wars, the Central Government has broadened the basis of its own support.

"In a negative way, this policy has saved the Government untold hundreds of millions such as were spent in past years in checking similar outbreaks. Moreover, it has prevented the diversion of the Government's attention from the communist problem, and has even enabled it to commence its reconstruction program. As an instance, under the most adverse circumstances, the Government has completed 2,000 kilometres of dykes along the Yangtsze River, which will prevent the recurrence of the calamitous Yangtsze floods last year.

"In this connection, well-informed oversevers have remarked that the Government is pursuing its reconstruction program with ever increasing objectivity. Instead of drawing up alluring platform promises, it has come down to reality, has recast its plans on what is immediately practicable, and is making it enlist technical and financial assistance from abroad. The Railway Ministry has before it a modest and attainable program for completion of the Canton-Hankow Railway, the Tchengchow-Shihkiachwang Railway, the Lunghai Railway, as well as the rehabilitation of the existing railway lines. With the assistance of experts from the League of Nations, other Ministries are working out questions of land tenure and agricultural credit, mass education, central field stations in hygiene and agriculture, improved telegraph and telephone facilities, construction of national highways and the improvement of the silk industry.

"In the field of government finance, through the success of the internal loans conversion, the practice of strict economy, and recent improvements in tax administration, the Government has been able to dispense with the necessity of making loans during the past nine months despite unprecedented difficulties such as the seizure of Customs and Salt Revenue in Manchuria. It is true that the drastic curtailment in civil and military expenditure has entailed much suffering and handicapped many needed developments, but the striking fact today is that China is one of the very few countries in the world that does not have to resort to borrowing to balance its budget.

"The proof of the pudding is in the eating. China's foreign credit has risen steadily and now stands high in the list of nations. During the last twelve months in the London market, the Reorganization Loan of 1913 has risen from 61 to 73, the 1898 Loan from 82 to 96, and the 1908 Loan from 50 to 75½. Within the country, the domestic bonds in the last few months have also shown gratifying advances. If any index is sought, I submit that growing confidence reflected in Government bond prices at home and abroad rather than the inspired productions of hostile propagandists should be taken as the touchstone of Government stability."

Experience has shown that the publication of long involved financial tables and reports do not prove the stability of either governments or private business institutions. For this reason we are not burdening this article with published statements of governmental income and expenditures which are understood only by those technically inclined. In the last financial statement published last year covering the fiscal year, July 1929 to June 1930, the outstanding element was military expenditures amount to $245,000,000. which was practically half of the total governmental expenditure amounting to $539,000,000. Hope was expressed at that time that the Government shortly would be able to cut down the sums expended on the army due to the gradual cessation of armed rebellions against the central authority. The Government has not yet released the figures covering the 1933 budget, but a recent report appearing in the *China Times*, stated the total revenues would amount to $620,000,000 and expenditures to $780,000,000 leaving a possible deficit of $160,000,000. It was stated, however, that this sum would be considerably cut down by reductions in administrative and military expenses; that the deficit was largely due to the loss of some $70,000,000 which previously had been received from the Manchurian provinces, but which are now under control of the Japanese military. According to the article in the *China Times*, the expenditures for military affairs, including the anti-communist campaign and extra outlay occasioned by the Japanese invasion, probably would be in the neighborhood of $300,000,000, all figures being in Chinese silver dollars.

To refer again to the question, "Are conditions better or worse?" it is of interest to quote some sentences from Dr. Stanley K. Hornbeck's analysis of the 1911 revolution referred to in the foregoing, "The revolution which resulted in the overthrow not only of the Manchus but of the monarchy, was, like revolutions which had preceded it over and over in Chinese history, a protest against corruption, misrule and inefficiency on the part of the ruling family—together with many of its 'servants'—and the consequent deplorable state of the realm." The struggles which have taken place in China in the two decades which have elapsed since the overthrow of the Manchus have constituted a constant striving toward a better state. Practically all revolutions, regardless of where staged, pass through various stages and finally reach a point of stability with new men in control. The situation in China has been complicated by intrigue and interference on the part of outside nations opposed to the unification and modernization of the country and by the fact that the Chinese revolutionary leaders have had an enormous population steeped in centuries of feudalistic conditions to contend with. A further complicating element has been the vast

extent of Chinese territory embracing peoples and lands occupying a considerable portion of the Asiatic continent. For these reasons it is impossible to compare conditions in China with revolutionary developments in smaller countries such as Mexico and the Central-South American states, Germany or Spain. But despite these elements, there is no questioning the fact that China has made progress in her revolution in almost every possible field of human endeaver. Up to the time of the Japanese military occupation of Manchuria in the fall of 1931, China had made great strides in the revision of her obsolete treaties which relegated the country to an inferior if not semi-colonial position in the family of nations. In the field of material things, road construction, railways, electrical communication such as radio and telegraphs, commercial aviation, industrial development, great strides have been made despite the fact that major government appropriations have gone toward military affairs. But even in military matters there has been great advancement, it only being necessary to mention the sturdy defence of the Chinese army at Shanghai against the Japanese invasion, to prove the point. Also there has been great advance in military aviation, a matter of supreme importance in possible encounters in the future with Japan. But of most importance has been the tremendous advance in education and the resulting effect on the mental attitude of the people, a testimonial to which has been the phenomenal increase in the number of newspapers and magazines which are now published. Whether China has yet reached that happy state in her revolution designated by the word "stability," cannot be affirmed or denied since it depends in innumerable domestic and external factors. Possibly the best proof that China is advancing is the evidence provided by the present Japanese military intervention, the Japanese object on this occasion as on previous occasions being to block the revolution and ensuing unification and modernization of the country.

League Side-Steps Manchurian Decision---China Resumes Relations With Soviets!

WHILE negotiations between China and the Soviets for resumption of diplomatic relations started last spring, the actual conclusion of an agreement at Geneva on Monday, Dec. 12, may be attributed directly to the failure of the League to take any constructive action on the Manchurian issue. According to the report from Geneva on Tuesday, Dec. 13, the Chinese first approached the Soviets for a non-aggression pact early last spring and out of this conversation developed the desire on the part of both countries to resume full diplomatic relations which had been interrupted in 1927-1928. The Soviet *Tass* agency on Dec. 13 issued to newspapers in the Far East a report of a press interview with Maxim Litvinov, Soviet Commissar for Foreign Affairs who is now in Geneva, wherein he declared,

> "It is beyond doubt that the current disturbances in the Far East are in no small degree due to the fact that normal diplomatic relations have not been maintained between all the states located in the area of the Pacific. The peoples of the U.S.S.R. have always been inspired with the greatest sympathy for the people of China in their anxiety to preserve their independence, their sovereignty and international equality.
>
> "The Soviet Government gave many excellent proofs of its friendliness toward China when, alone of all the states, it released China from the unequal treaties, exterritoriality and all the other rights and priveleges wrested from her by Tzarist imperialism, and agreed to convert the Chinese Eastern Railway concession, secured by the Tzarist Government on Chinese territory, into a commercial enterprise under the joint management of the U.S.S.R. and China. It was by these sentiments of unselfishness and friendship that the Soviet Government was guided when it established relations with the Chinese Republic in 1924, and it is by these same sentiments, rather than by temporary considerations, that today's resumption of relations is dictated."

In conclusion, Mr. Litvinov gave assurances that the "improvement of relations with some countries did not mean the aggravation of relations with others." One imagines however, that it will require more than this statement by the Soviet Commissar for Foreign Affairs to reassure the Japanese who have been following this situation closely for many months. Obviously the Japanese war-lords, who have refused to consider a non-aggression pact on behalf of their country with Russia, will not fail to interpret the Sino-Soviet resumption of relations as a diplomatic move on the part of both countries against Japan. And they will not be entirely wrong in this assumption for China's decision to "go back to Russia" has been a direct result China's failure to obtain any material assistance against Japanese aggression through the League or otherwise. According to the report from Geneva, the decision to resume relations was translated into actuality through the exchange of simple notes. This, however, does not complete the story for the resumption of relations must be followed shortly by the negotiation of a commercial treaty. According to reports which have appeared in the Chinese newspapers, China will insist upon a discontinuance of communist propaganda in China and that no further assistance be given to the so-called "Chinese Soviet Republic" which is being maintained by a group of Chinese "red" general in Kiangsi province. However, there also have been reports that the Nanking Government may enter into some sort of compromise with the leaders of the red-movement whereby Nanking would recognize the so-called *status quo*, meaning there would be no interference with the system of land re-distribution to the Chinese peasants which has been effected in various sections of central China. Madame Sun Yat-sen, widow of the founder of the Kuomintang Party, who has been the champion of the communist groups, is reported to have insisted on this point.

There is no disputing the fact that China's resumption of diplomatic relations with Russia constitutes the most significant development in

the Manchurian issue since Japan's recognition of Manchukuo and the beginning of the League's most recent consideration of that problem. China obtains another friend at court and a powerful one, who may in a sense offset the present combination of Japan, France and Britain in the League. Should the United States now follow China's precedent and re-establish relations with Russia, it would have the possible effect of almost entirely nullifying any possible combination of Japan, France and Tory Britain to thwart China's demand for the return of her lost territories. However, this leads to speculation in a field where anything may happen. Recently when the attempt of the smaller nations to have a show-down on the Manchurian issue by the League was thwarted through the action of Britain and France, the Assembly announced a desire to obtain American and Russian representation on the so-called Committee of Nineteen, renamed the "committee on conciliation." But neither America nor Russia evinced any particular enthusiasm over this move on the part of Britain and France to "pass the buck." A *Reuter* report from Geneva on Dec. 11 stated that the Soviet representatives "disclaimed any desire to be saddled with a question which they accused the League of having bungled." As for America, it was stated that the U. S. representative at Geneva had given a strong hint that the United States "would not collaborate with the League Committee unless the League comes more into line with the American standpoint," meaning the Hoover-Stimson doctrine of non-recognition of territory gained by force in violation of international treaties. Thus far both the League Council and Assembly have side-stepped this important factor, hence the unlikelihood of any further American co-operation with that organization on this question. Which brings up the point that if the League cannot settle the Manchurian issue without American and Russian help, why wouldn't it be a logical move for America, Russia and China to get together and try to effect a settlement without League assistance. Other nations such as Germany and Italy might find it more advantageous to co-operate with the new group than they have with the League group which is dominated by France and Britain, neither of which have evinced any desire to assist China or uphold the international treaties which Japan has scrapped.

A complete summary of the most recent League debates on the Lytton Report and the Manchurian issue, appears elsewhere in this issue of *The Review*, hence it unnecessary to repeat them here. The decision of the Assembly to side-step the entire issue followed a debate on Dec. 6 participated in chiefly by the smaller Powers which culminated in the submission of two resolutions:

I—Submitted by Czecho-Slovakia, Irish Free State, Spain and Sweden:—"In view of the findings of the Lytton Commission that every possibility for a peaceful settlement had not been explored before September 18, 1931, and that the relations between China and Japan were those of undisguised war and that the military operations of the Japanese troops after September 18, 1931, could not be regarded as legitimate self-defence; and in view of the Lytton Commission's statement that, without a declaration of war, part of Chinese territory had been seized and occupied by Japanese troops and declared independent from the rest of China; and in view of the Lytton Commission's findings that the present régime in Manchuria could not be regarded as a sincere and spontaneous movement of independence:— The assembly observes that the vast operations of military occupation following the events of September 18, 1931, cannot be considered a measure of legitimate self-defence; that the régime established in Manchuria has only been able to be carried into effect thanks to the presence of Japanese troops and recognition of the present régime in Manchuria is not compatible with existing international obligations; and that the Assembly authorises the Committee of 19 to co-operate with the Governments of the United States and of Russia for the purpose of getting into touch with the parties with a view to ensuring a settlement of the dispute on the basis of the above findings.

II—Submitted by Switzerland and Czecho-Slovakia:—"The Assembly, having received the report of the Lytton Commission, together with the observations of the parties to the dispute and the minutes of the Council meetings from Nov. 21 to Nov. 28, and in view of the Assembly discussions requests that the special committee appointed under the Assembly resolution of March 11, 1932 (Committee of Nineteen), firstly study the opinions expressed and the suggestions made during those discussions, and also study the draft resolution submitted to the Assembly; and secondly draw up proposals with a view to settlement of the dispute brought before it under the Council resolution of February 19, 1932; and thirdly submit these proposals to the Assembly at the earliest possible moment."

The submission of these two resolutions was directly responsible for bringing Sir John Simon, British Foreign Secretary, into the arena with a speech which probably has been more damaging to Sino-British relations than anything which has happened in the affairs of the two countries since 1927. A fuller report of the speech appears elsewhere in this issue, but it has constituted the chief subject of attack in the Chinese newspapers almost daily since the report was cabled to Shanghai. On Dec. 12 the Nanking district Kuomintang headquarters cabled Ramsay MacDonald, British Prime Minister demanding the British Government repudiate Sir John Simon's statement. The telegram pointed out that the address couldn't fail to have a most unfortunate effect upon Sino-British relations, the solution of the Manchurian dispute and, finally the peace of the world. According to reports issued through the Chinese *Kuomin* news agency, and the Chinese newspapers, the various Kuomintang headquarters are sending out circulars condemning Sir John Simon's statement and calling upon the people to unite and strive for the salvation of the nation "without relying upon outside influences."

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An amusing incident occurred in the news reports regarding the British attitude on the Manchurian issue on December 10. The American *United Press* service cabled from Geneva, "It was learned on the highest authority tonight that Great Britain is prepared to apply sanctions against Japan under Article XVI of the League Covenant if the present move for conciliation fails. However, Sir John Simon was represented as eager to exhaust every possible means of conciliation before taking such extreme measures." The *United Press* then stated that Sir John Simon was prepared to advocate that China and Japan as well as the United States and Soviet Russia be invited to participate in the work of the Committee of Nineteen and if the four countries could not participate in the actual deli-

berations they should at least be present as observers. The dispatch then concluded, "If these attempts fail, however, Sir John Simon is prepared to recommend to the British Government the application of the most drastic measures provided in the Covenant."

The publication of this *United Press* message in the *Shanghai Evening Post* (American paper) brought an immediate denial through *Reuters* (British service) from Geneva, which declared, "*Reuter* learns authoritatively that there is no foundation in the current report that Great Britain is ready to apply sanctions against Japan under Article XVI of the League Covenant of the League of Nations, if the present move for conciliation fails. It is assumed that the report is due to misinterpretation of Sir John Simon's speech before the Assembly when he said that the British Government intended to act as a loyal member of the League of Nations."

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Latest reports on the League discussions from Geneva tell of further attempts on the part of members to work out a plan of conciliation that would be acceptable to Japan and China—and of the continued rejection of such attempts on the part of Japan. On Dec. 13 *Reuters* service carried two reports from Japan telling of the opposition of Tokyo officialdom to any compromise. One report stated that Sir Francis Lindley, British Ambassador, acting on instructions from Sir John Simon, had called on the Japanese Foreign Office and urged the Japanese government to agree to the conciliation committee since this appears to be the only way to prevent the automatic application of Paragraph IV, Article XV of the League Covenant to the Sino-Japanese dispute. This clause in the Covenant provides when a settlement is not reached, the Council either by unanimous or majority vote, shall make and publish a report containing a statement of the facts of the dispute and recommendations which are deemed "just and proper in regard thereto." The *Reuter* report quoted Japanese officials as denying that Sir John Simon had threatened to recommend the application of Paragraph IV if Japan declines to accept the conciliation committee. A later report from Geneva (*Reuters in Shanghai Evening Post*) stated the new committee of five, consisting of Dr. Benes (Czecho-Slovakia), Senor Madariaga (Spain), M. Massigli (France), Sir John Simon (Britain), and M. Huber (Switzerland), had met in secret session as a sub-committee of the Committee of Nineteen in an attempt to draft a resolution for submission to the Assembly. The committee was closeted for nearly three hours and at latest reports had not completed its work in drafting the new resolution. It was understood that the resolution deals with the re-affirmation of the resolution of March 11 and provides for an invitation being extended to the United States and Russia to participate in the activities of the Committee of Conciliation.

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China's resumption of relations with the Soviets has completely overshadowed Chinese interest in what the League may or may not do on the Manchurian issue. Editorial comment in the various Chinese newspapers give Chinese merchants large credit for demanding resumption of relations with Russia, the Chinese merchants apparently expecting increased profits through handling Russian "low-priced" commodities. The Chinese papers, however, did not fail to touch upon some of the questions which caused the two countries to break off relations in 1927. The *China Times* recalled the fact that diplomatic relations between China and Russia date back to the Ming Dynasty in 1567 and the only serious interruption in the entire period was in 1927 when the Soviets attempted to introduce their communistic system into China. The paper after referring to the present friendly relations of the two countries as evidenced in Russia's refusal to recognize Manchukuo and the protection accorded to Gen. Su Ping-wen, concluded its comment with the following words, "But there is something which must not be forgotten: Although we may now regard the motherland of communism as a friendly power, this does not mean that China has accepted communism. That is an independent issue; the communist suppression campaign in China will continue in spite of the new diplomatic move. The *Shun Pao*, leading organ of the conservative commercial interests attributed the resumption of relations with Russia to the "hopelessness of relying on the League for a just settlement of the Manchurian affair. This step may give our enemy (Japan) further excuse for conducting malicious propaganda against China, but for the establishment of permanent peace in the Far East and for upholding justice in the world, China has no other way than to seek her own salvation by taking an independent course of action. Japanese newspaper comment is not yet available on the Sino-Soviet resumption of diplomatic relations, but the first outburst telegraphed by *Rengo* to the Shanghai newspapers was anything but favorable. A spokesman of the Tokyo Foreign Office claimed that Russia had won a diplomatic victory because China had not been able to attach any conditions to the resumption of relations. Also, the spokesman of the Japanese foreign ministry claimed that the resumption of relations would not affect Manchuria, "inasmuch as there already exists an actual arrangement between the Soviets and Manchukuo for the exchange of diplomatic officials to the respective territories." "However," continued the statement, "the growth of communistic terror all over the Far East is foreshadowed in the present joining-of-hands between communistic Russia and China where the communist bandits are rampant. It may be taken as a prophesy of unprecedented confusion in the Far East." The Tokyo War Office likewise was not entirely moderate in its reactions, according to the *Rengo* report which declared, "The hurried resumption of relations between China and Russia may be interpreted on the one hand as a move against the growing cordial relations between Japan and the U.S.S.R..... One thing calls for special attention at this juncture: it is a fact that China, which has materially increased her influence by aid of the communists, with Borodin (Soviet adviser in 1926-1927) and his followers as the central figures, is infested by the communist danger, with 300,000 communist troops waving their influence in the districts of Kiangsi and Anhwei....Judging from these facts, and considering the present situation it is not difficult to imagine that the present issue is provid-

ing an important foothold for the bolshevisation of China....It may not be too much to expect that the whole of south China with the Yangtsze valley turning red....There is intense concern in Japan as well as other countries of the world, who are interested in the peace of the Far East, in this question, but Japan especially attaches no small importance and attention to this expected bolshevisation of China."

T. V. Soong, Finance Minister and Acting head of the Executive Yuan in a statement issued through *Kuomin* on the evening of Dec. 14 declared, "I view the resumption of normal diplomatic and commercial relations between China and Russia with lively satisfaction. I have ever been of the belief that there is much of natural sympathy between the two broad streams of humanity representing the peoples of China and Russia which transcends the vagaries of international politics. I am glad that the path is now clear for the free intercourse between the two peoples which will, I trust play its part in the realization of the peace of the Far East."

SOVIETS REFUSE TO HAND OVER GEN. SU TO JAPANESE

COMRADE Karakhan, who has established quite a reputation for repartee, recently unleashed one of his shafts against the Japanese military authorities in connection with their request for the handing over of General Su Ping-wen, the defeated Northeastern military leader who fled to Soviet territory. The actual reply of Lev Karakhan, who is Soviet Vice-commisar for Foreign Affairs, was delivered to Mr. Amo, the Japanese charge d'affaires at Moscow. The intense hatred which the Japanese feel towards General Su is to be judged from the fact that they demanded his being handed over by the Soviets on the score that he was "merely a criminal." The Japanese urged that his surrender to Manchurian or Japanese authorities would in no way violate Soviet neutrality. Mr. Karakhan replied that very recently Japanese commanders had attempted to open peace negotiations with General Su with Soviet officials as intermediaries. "It is hardly possible that Japan could have attempted to organize a peace conference with General Su Ping-wen if it considered him a criminal," Mr. Karakhan said. In support of this Mr. Karakhan cited the several trips made by Japanese officers from Changchun and Harbin in their attempts to arrange a peace conference at a railroad station inside the Russian border.

The Soviet Government was firm in its refusal and declared that neither the General nor the other refugees would be turned over to the authorities of Manchukuo or Japan. A previous Japanese telegram which was given currency all over the world, stated that the Soviets had turned General Su over to the Japanese and that he would he executed as a traitor.

The Japanese throughout the effort to obtain the surrender of General Su claimed that his followers constituted a menace to Manchuria despite the fact they had been disarmed. The Japanese said they feared if the troops were returned to China they would become heroes and thus stimulate further insubordination. In support of this contention the Japanese cited the case of General Ma Chan-shan who was responsible, they said for continued attacks on Manchukuo.

Mr. Karakhan replied to this argument by saying that tens of thousands of White Guards who are now refugees in Manchuria are constantly menacing their native land but there had never been any consultations between Moscow and Tokyo regarding them.

After the Government's vigorous refusal to surrender any of the refugees the Japanese diplomatic representatives submitted Tokyo's modified request for internment of the Chinese troops which was also refused.

It is understood here that General Su is already en route to Europe and that he will attempt to participate in the Lytton discussion if possible.

General Su Ping-wen received permission of the Soviet Government to go to Europe with such important members of his staff as he chose to select. The Soviet Government announced that other Chinese who crossed the border with General Su will be permitted to remain inside the Russian border at their own request. Soviet officials have been requested to help the Chinese refugees find profitable employment on new construction projects in Siberia.

The Moscow press on Dec. 11 featured with great prominence a comprehensive statement released for publication by the *Tass* News Agency giving the substance of the conversations that had taken place between Mr. Karakhan and Mr. Amo. The *Tass* statement was prefaced by calling attention to the fact that the Japanese press, as well as official Japanese agencies, representatives of the Japanese foreign office and the Japanese war department, had furnished a variety of contradictory reports regarding the fate of General Su Ping-wen and his former army.

On December 8 Mr. Amo, acting on the instructions of the Japanese Government, made a request, to M. Karakhan for the handing over of General Su Ping-wen and his soldiers who had entered Soviet territory and been disarmed and interned. Mr. Amo stated that the instructions of his government were approximately as follows:

"The Japanese Government is responsible for maintaining order in Manchukuo. The Soviet Government has disarmed General Su Ping-wen and his army and the Japanese Government is grateful for this rightful measure. But even though those anti-Manchukuo elements are disarmed they could still endanger the safety of Manchukuo should they ever return to any part of Manchukuo without the prior knowledge of the Manchukuo authorities, which are responsible for maintaining order.

"Should they, on the other hand, be sent to China," the instructions continued, "they will not only undertake a pernicious agitation against Japan and Manchukuo, but they will be received with warm attention on the part of the Chinese and may be made into heroes, as happened in the case of General Ma Chan-shan. This may encourage insubordinate elements in the frontier regions and have a pernicious influence on order and safety in Manchukuo. Therefore, in the interests of maintaining order, the Japanese Government requests the Soviet Government to deliver into the hands of the Japanese Army General Su Ping-wen and all of his soldiers who have entered the territory of the U.S.S.R."

M. Karakhan expressed to Mr. Amo his utter astonishment that such a request should be made by the Japanese Government, and declared that the Soviet Government, as the government of an independent state maintaining a neutral position, not only cannot deliver General Su and his followers into the hands of the Japanese, but cannot even agree to discuss the question of his delivery.

Mr. Karakhan declined to accept Mr. Amo's thesis, characterizing it as "incomprehensible if nothing else." Mr. Karakhan also reminded Mr. Amo that it was at the request of the Japanese Government that the Soviet Government had entered into negotiations with General Su for the liberation of the Japanese residents, most of whom were actually liberated, as a result, before General Su's defeat, while the remainder were brought safely to Soviet territory by General Su himself.

The correct and gentlemanly behavior of General Su in this matter, M. Karakhan told Mr. Amo, was in

itself sufficient to bar raising the question of his delivery to the Japanese after he had been disarmed and interned.

Mr. Karakhan told Mr. Amo that he must regard the refusal to hand over General Su and his men as the official reply of the Soviet Government to the Japanese Government's request. But late in the same evening Mr. Amo paid a second visit to M. Karakhan and stated that he was abandoning his demand for the handing over of General Su, asking only that General Su be kept in internment and that the Soviet Government should in future consult the Japanese Government in regard to the disposal of General Su's army.

To this request M. Karakhan replied that the question of the disposal of General Su's former army was entirely the domestic concern of the Soviet Republic and and could not constitute a question for discussion or agreement with any other government.

The latest development in the controversy regarding Gen. Su Ping-wen was a dispatch in the *Shun Pao* from Peiping on Dec. 13 stating that Gen. Su had arrived at Irkutsk on his way to Geneva and while in that city had delivered an address on conditions in Manchuria to the Russian Red-Guard Army. Gen. Su was expected to reach Moscow on Dec. 16.

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General Su Ping-wen Goes to Europe via Siberia

A Japanese report that General Su Ping-wen had been turned over to Japan by the Soviet authorities was proved to be false when official announcement was made in Moscow Dec. 9 that the defeated Manchuli commander would be allowed to depart for Europe at his own request. Subsequently word was received in Peiping from General Su himself that he and his chief of staff would start on a European trip very soon. Annouucement was also made in Peiping that a radio mensage had been received from General Ma Chan-shan denying Japanese allegations that he had fled to the U.S.S.R. Instead, he said he was engaged in organizing new resistance to Nippon's conquest.

Meanwhile, the Japanese military in Harbin asserted that they were planning a drive up to the Soviet frontier if necessary, in an effort to rout the Volunteers along the eastern branch of the Chinese Eastern Railway. The long expected invasion of Jehol also seemed imminent and North China within the Great Wall faced a new threat as a Japanese armored train twice penetrated with gunfire to a point between Shanhaikwan and Chinwangto.

Japanese Hostages Re-enter Manchuria from Siberia

According to information given out from Japanese circles in Harbin a force of Chinese volunteers has captured the town of Mingshui, which is a little over 100 miles to the north-west of Harbin. Manchukuo forces stated at Andachan have been ordered to attack the invaders and recapture the place. Former Japanese residents of Manchuli and members of the Manchukuo frontier guards, who were evacuated to Matzievskaya in Soviet territory during the time that General Su Ping-wen was in control, departed from Soviet territory and reached Manchuli Dec. 11. The party numbered 127 persons.

The 4,000 followers of General Su Ping-wen, who were forced to withdraw into Soviet territory and whom the Soviet authorities have refused to hand over to the Japanese, left the place on the railway where they had been staying on December 8 and are on their way to Vladivostok, travelling by way of the Russian railway.

Japanese Armored Train Penetrates South of Great Wall

A Japanese armored train twice penetrated to a point between Shanghaikwan and Chinwangtao, between 10 and 11 o'clock on the night of Dec 8 and again between 1 and 2 o'clock am. on Dec. 9 opening gunfire on both occasions.

No material damage was reported apart from four shell holes in the bottom of the watering tank at Shihho station about a mile this side of Shanhaikwan.

The incident at one time assumed a very serious aspect. The following day Japanese armed civilians forcibly entered the Shanhaikwan Customs office, maltreated two guards, carried off detained goods and caused sundry damage.

The incident had its rise, so the Japanese claimed, because of the firing by Chinese troops on their armored train. As a result of later negotiations the Japanese armored train withdrew from Shanghaikwan, General Ho Chu-kuo agreeing to maintain order.

Sudden Turn in Szechuan War Situation

The troops under General Tien Sung-yao captured Chengtu, the capital of Szechuan on December 9 after some street fighting with General Liu Wen-huei's forces. The vanquished troops withdrew to Hsintsin.

It is reported that General Liu Wen-huei, in view of his repeated failures, has decided to hand over his command to General Teng Hsi-hou and retire into private life.

According to a recent arrival from Chengtu, the population in that city suffered greatly in the recent campaign between Generals Tien Sung-yao and Liu Wen-huei. Chengtu is a city with a population of 300,000. Although Szechuan has experienced several hundred civil-wars, Chengtu has never been so damaged as in the present campaign.

Street fighting in the city continued from November 16 to November 26. The fighting started inside the city and gradually extended until all the suburbs were involved over a distance of thirty-five miles. The killed in General Tien's army included 8 regimental commanders, 60 battalion commanders, more than 300 company captains and 5,400 rank-and-file. The losses on the other side were 9 regimental commanders, 40 battalion commanders, about 400 company captains and 7,800 soldiers. In this campaign General Teng Hsi-hou's troops also lost a brigadier commander, 2 regimental commanders, 1 battalion commander, 5 company captains and 800 privates killed, making a total of about 15,000 officers and men killed in the three armies.

The casualties among the civil population exceeded ten thousand, about 3,000 people being killed inside the city and 6,000 in the outskirts, among whom were 1,600 students of different schools. The licensed quarter was totally destroyed by shell-fire and about 60 sing-song girls were killed in the bombardment.

Anti-Civil War League Condemns General Liu Hsiang

"Absolute non-cooperation" is the decision which the National Anti-Civil War League adopted against General Liu Hsiang, who is adjudged by the League to be the partly responsible for the present strife in Szechuan. The League will call upon the Chambers of Commerce throughout the country to refuse absolutely to "cooperate" with General Liu Hsiang in any manner whatsoever. In other words, if the "sanction" be effectively applied, General Liu Hsiang will be cut off from all economic supplies and other assistance from the nation.

General Liu Hsiang is not only adjudged the guilty party in the present Szechuan trouble but he is also charged with wanton destruction of civilian lives, closing down of newspapers and massacre of students.

At the general meeting of the Anti-Civil War League Dec 10, it was decided to send a delegation to the 3rd plenary session of the C. E. C. to petition that effective measures be adopted to prevent further internecine strife. A was decided also that the Chambers of Commerce throught out the country should form special committees for the purpose of assisting in the prevention of civil war.

Government Troops in Honan and Shensi Chase "Reds" Into Mountains

General Shang Cheng, former Chairman of Hopeh and Shansi and now Commander of the 32nd Army Corps stationed at Shunten, arrived in Peiping from his garrison area Dec. 6. He called on Marshal Chang Hsueh-liang and made a report on the defence situation in his area. Interviewed by Chinese pressmen after his arrival, General Shang said that the communist-bandits led by Hsu Hsiang-chien who fled into Honan after they had been routed by Government troops in Hupeh, had taken to the mountains as a result of the operations carried out by Government troops in Honan and Shensi. Although they constituted a much larger and better equipped band than that led by the other communist leader, Ho Lung, General Shang did not anticipate much difficulty in suppressing them. General Shang further said that when Hsu's forces first fled into Honan from Hupeh General Chiang Kai-shek ordered him to send a part of his troops into Honan to join in the campaign against the bandits. But as they had already escaped into the mountain fastnesses, General Chiang repealed his order so that the main forces of General Shang remain in Shunteh.

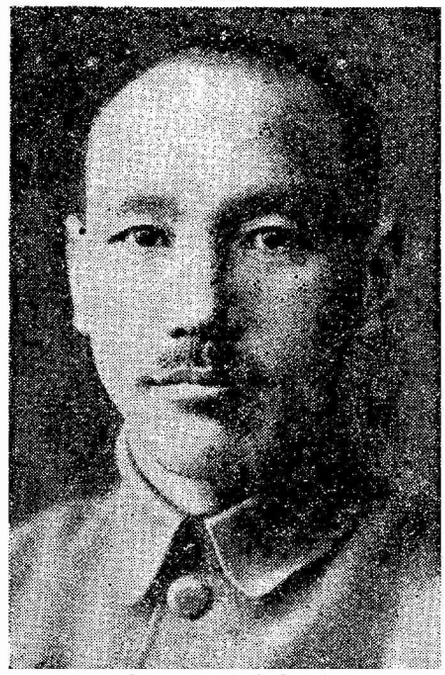
General Ho Cheng-chun, Director of the Hankow Pacification Headquarters, arrived at Hankow from Huayuan by the Peiping-Hankow Railway Dec. 9 and called on General Chiang Kai-shek, Commander-in-Chief of the Bandit-suppression forces for the provinces of Honan, Hupeh and Anhwei. in reporting on the rounding

(Continued on page 94)

Political China---1932

BY SAMUEL H. CHANG* (張似旭)

THE year that has scarcely a fortnight to round out has been for China one of the most eventful and hectic ones since 1912 when the Republican Government was first established in Nanking. Besides the Manchurian situation, which was further complicated early in the year by the establishment of the puppet government of the Japanese-created Manchukuo, and the sudden but premeditated attack upon Shanghai, there were the usual resignations of important central and provincial government officials, customary civil wars among the military commanders, the occasional disclosure of official corruption and certain manifestation of factional rivalry and jealousy.



Gen. Chiang Kai-shek, Chairman of Military Affairs Commission, just returned to Nanking after a successful Communist-Suppression Campaign.

The Kuomintang, as the only and self-appointed political party entrusted with the task of piloting the floundering ship of state through the turbulent waters, fared worse during the year than at any other time since its reorganization in 1924. Through eight years of consolidation and as the result of a realignment of political forces, the Party fell during the year into the hands of the two outstanding veteran followers of the late Dr. Sun, namely, Wang Ching-wei and Hu Han-min, who, together with General Chiang Kai-shek formed the Standing Committee of the Central Political Council which is the highest directing political organ of the Kuomintang system of government. The Party's claim of being a going concern was fully lived up to within a few months of the reorganization by the departure first of Hu Han-min for the South, then General Chiang Kai-shek for Hankow, and finally, Wang Ching-wei for Germany. In theory the country is still receiving the benefits of political tutelage under the Kuomintang. In reality, however, it is governed by a handful of men who have managed to retain their control of the government and have succeeded in their business as creditably as could be expected under the circumstances.

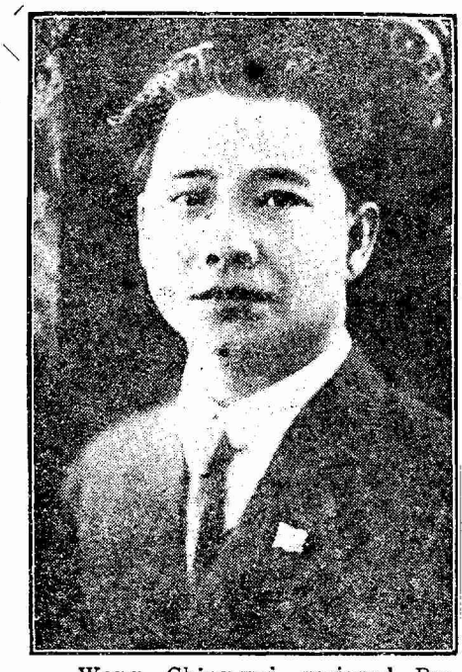
Editor's Note—Samuel H. Chang, writer of this article, is former director of the department of Intelligence and Publicity of the Ministry of Foreign Affairs of the National Government, hence is better qualified than most to discuss prevailing political conditions. When Mr. Chang was requested to write the article sometime ago he was asked to handle the situation "without gloves," and the present article is the result. It provides possibly the clearest exposition of present conditions which has appeared in print. Mr. Chang is now engaged in business in Shanghai, being a Director of the China Life Insurance Institute.

Inefficacy the Kuomintang

But if the events of the past year have proved the inefficacy of the Kuomintang, they have also served as a test of those at the helm of state and have definitely stamped them as the few outstanding characters in the drama of our nation-wide struggle against destructive forces within as well as enemies abroad. Where the Kuomintang has successively failed to rise to the occasion and led the country out of one crisis after another, these few individuals have stuck to their posts and weathered the storm—by virtue of their positions in the government and also because of the fact that they are practical politicians, fully cognizant of their strength and weakness and knowing well how and when to make use of their opportunities.

And, strange as it may seem, these are not men of extraordinary ability, strong character or unimpeachable integrity. Their personal politics, in fact, were probably very bad. But unquestionably, their sound judgment and ability to make effective use of experts and technical skill in various national enterprises placed them above the professional politician; for it requires more than average intelligence to be able to employ expert knowledge.

The setback suffered by the Party has, curiously, also proved a boon to the cause of strong civilian control. The invasion of the Three Eastern Provinces and the attack upon Shanghai by the Japanese military have been regarded as much a repudiation of the Kuomintang's rule as a rebuke to the Chinese military, the 19th Route Army and the Northeastern Volunteers being notable exceptions. The utter uselessness of General Chang Hsueh-liang's army in face of the Japanese invasion and the meaningless vociferousness of other military units throughout the country against the outrage have produced a most unfavorable reaction in the popular estimation of the Chinese military commanders with the result that the civilian authorities have been, during the past twelve months, able steadily to assert themselves. Where the military should have been the center of attraction and popular acclaim, as is the case in Japan, the civilian authorities, instead, have dominated the situation.



Wang Ching-wei, resigned President of Executive Yuan, is recuperating in Germany.

In this connection, an unusual contrast between China and Japan presents itself. Whereas, during the past year Japan's military party has been steadily on the ascendency until the Tokyo government has now become a virtual military dictatorship, in China, the civilian authorities, taking advantage of the opportunity, have overshadowed the military—a fact which the casual observer cannot fail to have noticed and a most auspicious sign of the beginning of a wholesome political development.

But perhaps a still more significant step forward is to be found in the increasing tolerance and growing sense

of reasonableness on the part of the government authorities towards their critics. Only recently, in an article in the "Independent Critic," Dr. Hu Shih explained in detail why General Chang Hsueh-liang should take a trip abroad after he had lost the Three Eastern Provinces to Japan without offering resistance. The noted scholar was never vitriolic. But he was critical. Dr. V. K. Ting, writing about the same time in the same magazine, declared in no uncertain terms what he should do for his country in fulfilment of his duties if he had been Chang Hsueh-liang. Here again, the eminent scientist was critical of the erstwhile Northeastern Border Defence Commander. Following the appearance of the articles, General Chang was host at dinner to his two eminent critics. To the student of contemporary Chinese history, the occasion must be regarded as an epoch-making episode, for as late as several years ago more than one eminent writer and critic was executed by the authorities for being critical. Similar criticism of General Chiang Kai-shek and other central government officials have likewise found their way into newspaper and magazine columns in Shanghai.

Financial Administration Improves

In the government's financial administration, too, it must be noted, there has been perceptibly less mismanagement, corruption and collusion. It would be difficult to argue that this is due solely to the fact that the responsible financial officials are more honest and trustworthy than their predecessors. The loss of the Three Eastern Provinces, coupled with Japan's undeclared war upon Shanghai and various other national misfortunes, have constituted a heavy drain upon the national treasury. The financial demand of all government organs was so pressing that every available resource was carefully checked so as to ensure against leakage. Nowhere was there stored up any considerable amount of money as a temptation to responsible officials. To the credit of the government, too, it must be pointed out, that while there have been many pretexts for resorting to the suicidal method of internal loan issues no attempt was made during the year to fall back upon this favorite scheme of the old days. Instead of pursuing the unwise policy of incurring further indebtedness, the authorities resolutely faced the problem with retrenchment in all branches of the government service. The enforcement of the program of rigid economy has brought hardships and privations to those in government service, but as the months went by public confidence in the government was growing steadily until today the credit of the government, as reflected in the domestic bond market, is considerably stronger than it ever was in the heyday of the Nanking regime.

Dr. Lo Wen-kan, who is directing China's foreign affairs and concurrently Minister of Justice.

If the past twelve months had been normal, therefore, the political situation in the country would have presented an altogether different picture from what it is at present. In both Party affairs and government administration the developments would not and could not have been so favorable to the general interest of the people. The recalcitrant military commanders would have continued to flout the civilian authorities, the people's right of freedom of speech would have been ignored and the country would have been placed under the arbitrary or even dictatorial rule of a combination of military "strong men." Fortunately, the events of the past twelve months while generally disproving the claims and contentions of the Kuomintang and dislocating the governmental machinery which it has established for the political tutelage of the people have been a blessing in disguise and served to bring to the fore a handful of determined and wilful leaders who seem to have realized the uppermost needs of the country and have so far, guided, with a fair degree of success, the ship of state through the uncharted sea of national and international complications. The fact that in spite of their own shortcomings and various other unsurmountable obstacles, they were able to accomplish as much as they have, speaks well of their energy and sense of responsibility. And it is realizations such as these that give one hopes of the future, regardless of how dark the present may appear.

Hu Han-min, Leader of Kuomintang Right Wing, now in retirement at Hongkong.

The year started auspiciously with a new regime headed by Mr. Sun Fo as President of the Executive Yuan. The retiring chairman, General Chiang Kai-shek, had been for some time the target of attack by various factions led by the Cantonese clique which at the moment included such irreconcilables as Mr. Wang Ching-wei and Mr. Hu Han-min. With one or two exceptions, therefore, the ministers under Mr. Sun Fo were all Cantonese although, unfortunately, the various ministries were not equitably distributed among the followers of the other two outstanding leaders. General Chiang Kai-shek who had resigned to make way for Mr. Sun Fo had probably foreseen the difficulties consequent upon the inevitable rivalry, and had retired to his native home to watch developments. Within less than three weeks, the new regime hit a snag over the questions of government finance and a clear-cut foreign policy vis-a-vis the Manchurian crisis and Mr. Sun Fo was forced to resign due to lack of co-operation and support from his former colleagues in revolt as well as from the man whom he had ousted. In the meantime, Mr. Wang Ching-wei, who had been under doctors' orders to remain in Shanghai shortly after Sun Fo's assumption of the Executive Yuan presidency, was prevailed upon to proceed to Hangchow to confer with General Chiang whom he had helped to force out of office only less than a month before.

The urgency of the moment necessitated the swapping of horses even in mid-stream and Mr. Wang Ching-wei was soon installed as successor to Mr. Sun Fo who together with Mr. Hu Han-min refrained from further active participation in the government. General Chiang, however, was ready to support and co-operate with Mr. Wang. The usual re-shuffling of cabinet ministers followed with the result that whereas in Mr. Sun Fo's regime mostly his personal followers dominated the stage, Mr. Wang was able to include in his cabinet both his own supporters and a few others loyal to General Chiang. It was an improvement on Mr. Sun's cabinet in the sense that it was more comprehensive and has the support of the country's outstanding military commander. It was certainly more efficient in the matter of financial administration although in regard to the question of Sino-Japanese relations it is problematical even now whether

Mr. Eugene Chen's positive policy of severance of diplomatic relations with the Tokyo Government would not have placed China in a more advantageous position in the light of subsequent developments both in the Three Eastern Provinces and in Geneva. For, at best, Mr. Wang himself was not committed to any definite course of action in the country's relation with Japan and that was less satisfactory than having a definite policy for the country to follow.

The assumpation of office by Mr. Wang was greeted by the Japanese military with the attack upon Shanghai. This undeclared war premediated as it was, would have taken place regardless of the personnel of the new regime in addition to the Manchurian crisis and many other internal problems.

In anticipation of a similar attack upon Nanking by the Japanese, the Capital was declared moved to Loyang and soon thereafter, in the early part of February, the bombardment of Nanking by the Japanese Navy took place. As a further reply to China's resistance against the Japanese military, Tokyo announced on February 19 the independence of Manchuria and the consequent establishment of the puppet government of the so-called Manchukuo.

Gen. Chang Hsueh-liang, acting Chairman of Peiping Branch of Military Affairs Commission, is still dominating North China.

From the outbreak of war in Shanghai to the signing of the armistice on May 5, the Government was almost entirely occupied with the daily developments round the International Settlement and in Manchuria. The 19th Route Army was making a more than creditable showing against the invading Japanese forces while the Northeastern Volunteers were a constant source of concern to the Tokyo War Office. Popular dissatisfaction with the inaction of General Chang Huseh-liang in the North was temporarily forgotten in view of the enthusiasm for and loyal support given to the fighting Cantonese units. Reinforcements from Nanking were slow in coming due primarily to lack of efficient communications and also, it was rumored, to jealousy on the part of certain military commanders. The government authorities also seemed frightened at times by the consequences of a prolonged struggle in the immediate environs of the country's greatest metropolis. The voluntary withdrawal of the 19th Route Army in March opened the way for negotiations for cessation of hostilities which was desired by practically all parties involved, particularly the merchants, although popular demand at the moment was for the complete and unconditional evacuation of the invading Japanese troops. Peace was finally signed in the first week of May after two months of negotiations and the Shanghai chapter of contemporary Sino-Japanese relations was brought to a close with the almost simultaneous and complete withdrawal of all Japanese military units. The occasion was generally regarded as a diplomatic victory by the Chinese; but, from the point of general policy and strategy, it is questionable whether it would not have proved a serious handicap to the Japanese if the Nanking government could manage to hold the large force of Japanese troops in this part of the country. The Government's policy of peace in Shanghai was upheld by the powerful commercial and financial interests whose immediate concern, as in all countries and under similar circumstances, was the question of profit and loss.

A most notable event which, however, seemed to have escaped the public's attention during this period of excitement and confusion was the demand for the abolition of the Party rule by the delegates attending the National Emergency Conference at Loyang in April. The conference was called by Mr. Wang Ching-wei who had caused invitations to be issued in the name of the government to approximately two hundred of the country's outstanding leaders in various fields. It was a gathering of acknowledged talents and the best brains of the country to deliberate and formulate measures to be submitted to the responsible authorities for adoption and application with a view to the improvement of governmental administration throughout the country. It was indeed, significant that the delegates present should consider the Kuomintang rule of the country for the past decade so unsatisfactory as to justify their recommending the abolition of the Party rule. The move was undoubtedly premature for the governing of the country is still in the name of the Kuomintang. Nevertheless, the demand, put forth as it was at the National Emergency Conference, showed that thinking people had seen the futility of the Kuomintang's claim to Party dictatorship and were in favor of a government of honest and special talents and experts instead of a handful of Party politicians whose immediate aim is their own welfare.

Another important proposal adopted at the Conference was to recommend to the Government the severe punishment of General Chang Hsueh-liang for having lost the Three Eastern Provinces through his negligence of duty and personal folly. It is important to note in this connection that while the Government had not deemed it necessary formally to reprimand a high official for negligence of duty for "face saving" reasons, the people were not slow in placing the responsibility where it properly belonged and that with a more responsible government, prompt and public censure of offending officials will be a matter of certainty. The measure, while of no effect in itself, marked the consciousness on the part of the people to exercise their right of supervision and censure which will be made more articulate with the establishment of proper statutory organs. The existing Control Yuan could not be relied upon to fulfil the functions generally expected of it because it is part of the Kuomintang scheme of government for the political tutelage of the people.

After almost six months of unadvertised campaign against the communists in Central China, the efforts of the military authorities began to produce results in the summer when large areas of the provinces of Hupeh, Kiangsi and Hunan were again placed under the control of Government authorities. Many of the inland waterways, which had been held by the Reds, were once more open to traffic and rehabilitation of the recovered districts likewise began under direction of specially organized committees working in conjunction with the military.

Progressing side by side with the communist suppression campaign was the reconstruction work carried on by the National Flood Relief Commission which had organized a large staff of foreign and Chinese experts. Much has already been published concerning the tremendous amount of expenditure and labor involved in the construction of the dykes along the Yangtsze to prevent further calamnities and it is not necessary here to deal with this constructive phase of the government. Suffice it to say to the credit of the responsible authorities that it was no mean achievement, during such national crisis as the Manchurian situation and the Shanghai war, to be able to devote adequate energy and attention to the equally important questions of rehabilitation and relief.

The organization of the Anti-Civil War League in June inaugurating thereby a nation-wide movement against further occurrance of civil strife among the military commanders marked still another step forward in the country's progress towards political stability. Like all other similar popular movements, however, its effectiveness is bound to be slow in growth, for the force of public opinion is seldom felt in officialdom when it cannot be substantiated by some tangible form of application. That this is especially true of the present case is evidenced by the fact that while various public bodies throughout the country were meeting together to discuss ways and means of preventing further civil war, the Cantonese Navy was holding forth in Hainan against the onslaught of General Chen Chi-tang whose aviators were able to bomb and sink one of the finest ships of the Southern Squadron. Telegraphic appeals for cessation of hostilities

between the rival Cantonese commanders were dispatched from all parts of the country but the belligerents remained deaf to all entreaties until the outcome of the struggle was settled. Shortly after the Canton episode, fighting also broke out between General Han Fu-chu, chairman of the Shantung Provincial Government, and General Liu Chen-nien who had been holding Eastern Shantung for a number of years. With the merits of the case we need not concern ourselves. The deplorable event only serves as another illustration of the tendency among the country's military commanders to resort to force in settling their own disputes instead of referring them to the central government. The Han-Liu struggle was followed by major warfare in Szechuen, involving all the provincial commanders. At the time of writing, decisive battles were reported to be in progress in several parts of the province. As in the case of the Han-Liu strife, the Government tried every available means to effect a peaceful settlement, although none of the contestants seemed ready to make any concession. From the point of the country's political evolution, the Canton and Shantung warfares were not entirely without compensations since at least two of the rivals were eliminated from participation in any further struggle in the two provinces. It is to be hoped that the warfare which is still in progress in Szechuen will also result in the elimination of other minor warlords.

In point of importance, the repudiation of General Chang Hsueh-liang in the summer by Mr. Wang Chin-wei over the Manchurian issue ranked second only to the resignation of Mr. Sun Fo. In the light of subsequent developments, it seems clear that it was an awkward move on the part of Mr. Wang inasmuch as his own position was made untenable by the most unusual state of affairs prevailing in Peiping following the young general's formal resignation. The challenge of Mr. Wang to General Chang to resign together was accepted and both resigned accordingly. In the case of General Chang, however, his friends made it impossible for him to quit although his resignation was subsequently accepted by the Government. In the case of Mr. Wang, his resignation was rejected and he was asked to continue in office although the circumstances were such that it was impossible for him to remain in active service as President of the Executive Yuan. His sickness, however, opened the way out of the difficulty and he was granted long leave of absence that he may recuperate in more favorable climate and under expert care. To understand the background of the Wang-Chang controversy is to delve into the personal and political relationships of many political and military leaders—a matter which the present article cannot adequately deal with for lack of space. For the student of contemporary Chinese politics it is sufficient to appreciate the moral force of Mr. Wang's indictment against the irresponsible and pleasure-loving young erstwhile chief political official of the Three Eastern Provinces for the loss of which he was mainly responsible.

The remaining notable event of national importance during the year is the seizure by the Government of the China Merchants Steam Navigation Company. The history of the Company, its development—or, rather, lack of such—and its quasi-official character since the establishment of the National Government in Nanking cannot be touched upon in these paragraphs. What is pertinent in our consideration now is that since it has become a government-supervised organ, Mr. Li Kuo-chieh, managing-director of the Company, should not have concealed his transactions with foreign interests from the highest Government authorities, although he did acquaint the Government supervisor of his dealings. Unfortunately for Mr. Li, however, information in the possession of the Government seemed to indicate that all was not open and above board between himself and the Government supervisor and that somewhere a wilful disregard of the Government's and the public's interests was committed. The detention of Mr. Li, therefore, could have been justified had it been done in accordance with the legal procedure from the very beginning. On the other hand, the responsible authorities have so far failed to convince the public that in seizing control of the Company, they were solely actuated by a sense of duty in protecting the public's interests and also the individual's right of ownership. The liquidating value per share of the Company alone, according to the consensus of opinion of real estate operators, would be many times over what the authorities announced they were ready to pay for. Moreover, a definite procedure for the Government to follow in taking over such private-owned interests as the Company is provided for by law which the responsible authorities seemed to have overlooked at the time of assuming control of the Company's interests.

As the article goes to press preparations are nearing completion for the convocation of the Kuomintang's Third Plenary Session in Nanking to deliberate and decide upon the major policies of the government. A number of the members of the Central committees of the Party will probably remain away on general principles, but a sufficient majority is expected in attendance and can be counted upon by the authorities to ratify the past acts of the Government during the year. The cloak of uncertainty which still hangs over the Manchurian issue, coupled with the differences of opinion now existing among various groups of Party leaders, will facilitate the work of those in attendance. No important changes in the present personnel of both the Party and Government administrations are anticipated. No radical modification of the Party's platform nor the Government's policy will be contemplated.

But for China, in the present state of affairs, no change whatever either in governmental personnel or policy is preferable to even a change for the better; for any change of consequence would most certainly produce ramifications which are bound to disturb the national equilibrium. What the country needs most at the present is a breathing space for readjustment and recuperation. Given five years of stability the country will witness wondrous progress under the stewardship of even the most mediocre mentality and, in indeed, in spite of all adverse conditions.

Shanghai, Dec. 12, 1932.

Japanese Wife of Chinese Explains Her Broadcasting Speeches

In connection with the editorial entitled, "The Nanking Woman whose Speech Stirred Japanese," printed on the first page of the Dec. 10 issue of *The Review*, a recent *Reuter* dispatch from Nanking pointed out that the completion of the new Chinese 75-kilowatt radio broadcast station at Nanking, reported to be the third most powerful station in the world, whereby the Chinese authorities can broadcast Chinese news and views to radio listeners in Japan as well as Manchuria, has become a question of serious concern to Japanese officials.

Mr. Uyemura, Japanese acting Consul-General here, in his private capacity approached the Chinese Foreign Office requesting that the Japanese broadcasts by the Nanking radio station be abolished. He objected especially to having a Japanese woman doing such work.

Mrs. Fong Chih, the Japanese woman in question, in a recent interview explained that her motive in broadcasting in the Japanese language was primarily for promotion of a friendly understanding between Chinese and Japanese peoples. Four Japanese correspondents, including correspondents of leading Japanese dailies in Tokyo and Osaka, were also present at the reception.

"I was born in Japan," Mrs. Fong stated, "but I came to China ten years ago. Not only am I now a naturalised Chinese, I am also a member of the Kuomintang. It has always been my conviction that only by co-operation between the two great peoples of Asia, can there be prosperity and happiness in these countries. I have, therefore, volunteered my services to the Kuomintang broadcasting station, hoping thereby to tell the Japanese people how the Chinese people feel about the situation and what they are doing. There is never any intention to attack the Japanese nation, or the Japanese Royal House. My only object is to bring about mutual understanding between the 80,000,000 Japanese and 400,000,000 Chinese."

Bond Drawings Take Place in Shanghai

Public drawings for the redemption of part of the principal of the 2.4 Million Treasury Notes (1926) secured on cancelled Austrian Indemnity (8th drawing); 7th Year (1918) Long Term Loan (12th drawing); 24th Year (1925) Loan (12th drawing); 17th Year (1928) Military Supply Loan (8th drawing; 17th Year (1928) Rehabilitation Loan (11th drawing); 18th Year (1929) Famine Relief Loan (10th drawing); and 19th Year 1930 Customs Loan (8th drawing) were held December 10, at the Bankers' Association in Shanghai under the supervision of representatives of the Ministry of Audit, the Shanghai Bankers' Association, the Shanghai Native Bankers' Guild, the Shanghai Chamber of Commerce, and the National Loan Sinking Fund Commission. Loy Chang, Director of the Loan Department of the Ministry of Finance, officiated.

SOVIETS REFUSE TO HAND OVER GEN. SU TO JAPANESE

(*Continued from page 89*)

up of the remnant "Reds" under Hsu Hsiang-chien and Ho Lung on the Shensi-Hupeh border. General Ho stated that half of the "Reds" under Hsu Hsiang-chien and Ho Lung were exterminated during their retreat westwards to Shensi. They now only number a few thousand men. The Shensi units under Generals Feng Chin-tsai, Wang Chih-yuan and Chang Hung-yuan and the Hupeh and Honan forces are enveloping them at Foping, south of Fufeng in western Shensi. All Government units are now placed under the personal direction of Gen. Yang Hu-cheng, Chairman of the Shensi Provincial Governmen and concurrently Director of the Sian Pacification Headquarters.

Kiangsi "Reds" Withdraw to Hingkuo

Suffering a crushing defeat at the hands of the Government forces at Chinchi in eastern Kiangsi, the "Reds" under Chu Te and Mao Tse-tung have withdrawn to Hingkuo and Juichih, their strongholds in southern Kiangsi, a recent Nanchang telegram stated. The 83rd Division under General Liu Kan has been ordered by General Wei Li-huang, Commander of the 14th Army, to proceed to Nanchang from Hupeh and await further instructions.

Chinese troops amounting to about for divisions have been ordered by Marshal Chang Hsueh-liang to proceed to Jehol, according to "reliable information" quoted in a Japanese telegram from Tientsin Dec. 11. Chang's troops began their movements on the afternoon of December 11

The C. M. S. N. Co.'s Shares

Shareholders of the China Merchants S. N. Co., who have been ordered to transfer their shares to the Government at a price af Tls. 50 per set, will appeal to the third plenary session and the Supervisory Yuan for a reversal of the Government's decision, according to a recent statement by Li Cheng-woo.

The special Committee for the Readjustment of Liabilities of the China Merchants S. N. Co. was formally inaugurated Dec 6 in the presence of the entire membership thereof, namely Messrs. Chang Shou-yung, Yeh Chu-tang, Li Ming, Chien Yung-ming (members of the Board of Directors) and Messrs. Wang Yu-lin (a local lawyer), Hsu Yung-chu (chartered accountant) and Huang Ping-chang (public accountant). At the first meeting of the Committee it was decided to appoint the following two sub-committees:

Sub-commitee on Investigation: with Yeh Chu-tang, Li Ming and Huang Ping-chang as members.

Sub-Committee for Auditing: with Chang Shou-yung, Chien Yung-ming and Hsu Yung-chu as members.

The new Committee, being a creation of the Board of Directors of the China Mercnants S. N. Co. will be responsible directly to that Board, it is stated.

The District Court of the Special District in Shanghai last week issued a warrant for the arrest of Chen Fu-mu, former Director of the China Merchants Steamship Company, on a charge of corruption. Mr. Chen, last heard of in Hongkong, was later reported to have left there for an unknown destination.

Professors and Students Arrested in Peiping as "Reds"

Peiping educational circles have been stirred by the arrest of two well-known professors of the Peiping National University and College of Law, Messrs. Hsu Teh-heng and Hou Wai-lu. According to the *Central News Agency*, the arrests were carried out by the police Dec. 14 on secret orders from Nanking. Both men are alleged to have been involved in Communist agitation in Peiping. Besides the two professors, another man by the name of Ma Che-ming, described as a former member of the Hupeh "Soviet government," has also been arrested. It is stated that all three will be sent to Nanking for trial.

On the suspicion of having affiliated themselves in communistic activities, 17 university students, including a girl, belonging to the University of Agriculture were also nabbed by the Peiping authorities on the same day.

Britain Pays War Debt Instalment---France Does Not

Arrangements were completed in London Dec. 14 whereby the British payment of $95,550,000 in gold was put at the disposal in New York of the United States Treasury on Dec. 15.

It is believed that as recent notes between Washington and London leave no doubt as to the position regarding this payment, no further communication on this aspect of the subject is likely. The British Government reiterated a previous opinion that America's insisting on this payment will upset world economic conditions so that in the end the United States will gain nothing from it. The British Government expressed the hope that the examination of the whole question of war debts in their relation to world recovery, which the United States Government had agreed to, would result in a settlement which would enable the Lausanne Agreement to be ratified. In the meantime, the British Government considered it of the utmost importance that no decision should be taken at present to the effect that the Lausanne agreement could not be ratified.

The Debts question has brought the downfall of the Herriot Government in France, where the Chamber on Dec. 14 voted against payment of the next instalment to the United States by an overwhelming majority. Remarkable scenes were witnessed in Paris where demonstrators tried to force their way to the Chamber, shouting "Not one cent for America."

A two-day debate in the French Chamber came to an end at 5 o'clock a.m. Dec. 14 when M. Herriot's proposal to pay the American debt instalment with reservations, was defeated by 402 votes to 187. As a consequence M. Herriot's Cabinet, which was formed on June 3 this year, has resigned. M. Herriot, in a dramatic last-minute appeal, declared that the Chamber, for the sake of 418 million francs, was about to break the brotherhood between England and France.

Soviets Suggest Japan Sign Non-Aggression Pact

Commenting on the statement of the Japanese foreign office spokesman regarding the resumption of Sino-Soviet relations, *Izvestia*, emphasizes the inconsistency of the statement of the Japanese spokesman and declares it is difficult to understand why it is that when China maintains normal relations with the U.S.S.R. it is bad and she commits a serious error, while in maintaining diplomatic relations with Japan she acts correctly and normally. The Soviet Union, says *Izvestia* steadfastly pursues a policy of peace and maintenance of normal relations with all nations. The paper expresses surprise about the statement which declares resumption of Sino-Soviet relations reduces the chance for conclusion of a Soviet-Japanese non-aggression pact and asks if this is not an indication of a desire on Japan's part to find a new excuse for rejecting the Soviet proposal for such a pact.

"But if so," continues *Izvestia*, "there is definite lack of co oordination in these statements. As before, the Soviet Union is prepared to sign a non-aggression pact with Japan and Manchukuo. If Japan actually regards resumption of Sino-Soviet relations in the light of the statement of the foreign office spokesman, the simplest thing to do would be to sign a non-aggression pact and thus remove all such groundless suspicions."

Edward Hunter, I. N. S. Correspondent Transferred to London

Edward Hunter, who has been correspondent in Manchuria for the *International News Service* (Hearst) for the past two years has been transferred to the London office. News of Mr. Hunter's transfer to London immediately followed a report semetime ago that the Soviet authorities had refused to grant Mr. Hunter a vise to reside in Moscow, thus making it impossible for him to represent the Hearst service in the Soviet capital. Prior to going to Manchuria, Mr. Hunter represented the *Consolidated Press* in Peiping. Mr Hunter came to the Far East originally to join the *Japan Advertiser* in Tokyo. Mrs. Hunter, to whom Mr. Hunter was married in Harbin several months ago, will accompany, her husband to London.

The North Manchuria Floods and Their Aftermath

BY CHARLES A LEONARD*

HARBIN—When the disastrous floods came to Harbin last summer, the city was already full to overflowing with refugees, both Chinese and Russian, who had fled here from all the surrounding region, owing to the disorganized condition of the country. There had been so great an increase in banditry, looting, burning and general warfare that it was impossible for many to live in the villages and country districts where they formerly resided. When the floods came not only were the Chinese residents driven from their homes here in Harbin, but the refugees from outside also had to seek safety in Newtown, the foreign part of Harbin. To these were added thousands who came from up and down the Sungari River and from the plains across the river to the north. The River steamers brought these free of charge.

Harbin faces a winter of acute distress as a result of the disastrous floods of last summer.

Some months before the floods came the Chinese Christians of Harbin had organized, with the help of the missionaries, an organization known as the Chinese Cross Association, for the purpose of (1) preaching the gospel to soldiers and refugees from the war stricken regions, (2) distribution of Christian literature among them, (3) care of the wounded and sick, (4) raising of funds and gathering of clothing for those in need, and (5) distribution of food, clothing and money. The organization was able to render valuable assistance to Chinese soldiers and civilians wounded in the civil warfare.

One good feature of the work was the sending of printed letters to the families and friends of the wounded, good gospel tracts being sent in each of these letters. At the close, personal words were added for the patient by evangelists or lay Christians who assisted in this work.

The International Relief Committee, the Red and White Swastika Associations, and other organizations have given assistance in food and shelter from the beginning of the flood. The Chinese Christians of Harbin, through their relief organization, were in position to respond immediately to the needs of all who came to them for help. The large Lutheran Church, although in the Chinese part of the city, was not flooded, except the basement, on account of being on an elevation and the auditorium being built high. This was opened to the refugees and was filled with Chinese Christians and their friends. More than three hundred were taken in for shelter and food. Fortunately the organization had already collected funds for other relief and was able to render assistance from the beginning.

Help for the Refugees

The best evangelistic work done by the Christians was the carrying of the gospel to the refugees camping on the streets and in open fields of Newtown, and even below the Bluff where hundreds of small matsheds sprang up immediately. The fleeing people took the mats off their beds and kangs, (brick beds) and used them for making little V-shape matsheds, just large enough to crawl into during those several days of incessant rain. Ten thousand went to such places in Newtown. More than half of these lived this way for several months. The large Confucian and Buddhist temples were opened to the refugees. Big matsheds were put up in the yards of the temples by the Swastika Associations. The Chinese Eastern Railway erected sixteen wooden barracks, sanitary and well kept, providing for some fifteen thousand people, about one-third of whom are Koreans. The South Manchuria Railway also provided ten larger barracks, built of mats. At Kushiangtun, a suburb of Harbin, the C. E. R. also provided shelter for a thousand Chinese in a warehouse belonging to the Railway. The International Relief Committee assisted mostly Russian refugees, quartered in the Polytechnic Institute Buildings. This organization, with funds largely from the American Red Cross, also opened a hospital, which is giving admirable assistance.

Students in the Harbin American Y. M. C. A. for Russians are rendering valuable service, especially in

*The writer is a veteran Baptist missionary who has done praiseworthy evangelistic and social work in North Manchuria during the past several years.

Thousands of Chinese settlers driven from their homes in the Sungari valley as their fellow countrymen were in the Yangtsze Valley in 1931.

helping the International Relief Committee in its distribution of food. The Harbin City Fire Department supplies the bread and soup kitchens with water. Harbin, though a large city, unfortunately has no city water or sewerage system, strange to say. The fire department water trucks also carry water to the refugees daily, to those living in individual huts and also to the large barracks. Some food must be carried across the river to Chinese and Russian refugees there, also to people marooned in matsheds or dugouts on islands more distant.

Special mention should be made of the work done by the Japanese military authorities in checking the spread of cholera, also of their stringent measures to prevent profiteering in foodstuffs, of their assistance in caring for the sick through the several clinics opened by them for the refugees, and of the coming of young Japanese women and others from Dairen and elsewhere to assist as nurses. Among these were some Christian students and nurses. Assistance of the Japanese engineers in getting the water pumped out of the Chinese (Fuchiatien) part of the city, and out of Pristan, the leading foreign business section of the city, is also appreciated by the many who realize how important it was that this be done without delay.

Thousands of refugees will have to remain here for the winter. Several hundred houses in and around Harbin have fallen. Thousands of houses along the river and out on the plains have also collapsed. The reign of terror which exists over much of the country districts due to the present increase of banditry makes it impossible for the people to return to towns, villages and country districts. Provision is being made to cover barracks with mud, or they are otherwise being put in shape to handle as many as possible of the refugees who will have to remain over for the winter.

It has been gratifying to see Chinese, Japanese, Koreans, as well as representatives of almost every other nationality, working hand in hand here in Harbin for the welfare of these unfortunate people many of whom are here not only on account of the flood waters, but because of other conditions which have likewise driven them from their homes, and have contributed toward bringing about such conditions as have never before been known in North Manchuria.

To those of us who have a real interest in the future of Harbin and this entire region there cannot but be a desire that the floods will result in the cleansing and upbuilding of this city. Harbin should become one of the largest, best and most prosperous cities of the Far East. She will take such a place whenever good government, personal safety, and adequate communications are established throughout this region. To whose hands this will be committed is a matter yet to be decided. A great opportunity lies before public-spirited men and engineers to do here in Harbin alone a fine piece of work.

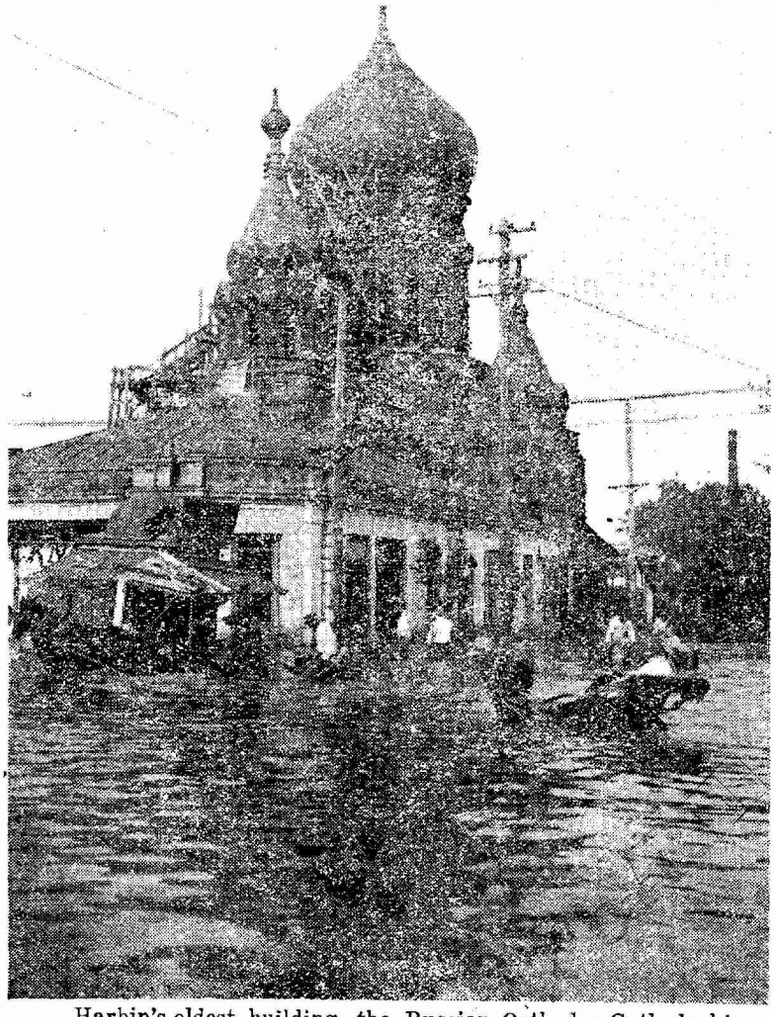
Kataiskaya street, chief business thorofare, of Harbin, was converted into a tributary of the Sungari River.

When nature helped to turn a large section of North Manchuria into deficit instead of an asset for the Japanese invaders—Thousands of square miles of fertile Sungari River valley inundated.

Notoriously Bad Government

To those of us who are concerned mostly with the spiritual and moral welfare of the people—as well as in their social and economic well-being—there is a great longing that the city will be cleansed morally in particular, for Harbin is steeped in great wickedness. This however, does not mean that there are few good people here; there are many. The need of cleansing in the government of the city also cries out loud and long. Its government could hardly be worse. A legal adviser to the League Commission of Enquiry, after looking into the government of the city as it has existed the past several years and existed when he was here, remarked to the writer that he had found Harbin to be the most notoriously misgoverned city in the world.

Loss from the floods—due to crumbling of Chinese mud houses, loss of stored grain, inundation of standing crops and washing away of farm lands, damage to buildings in



Harbin's oldest building, the Russian Orthodox Cathedral in the midst of the disastrous flood.

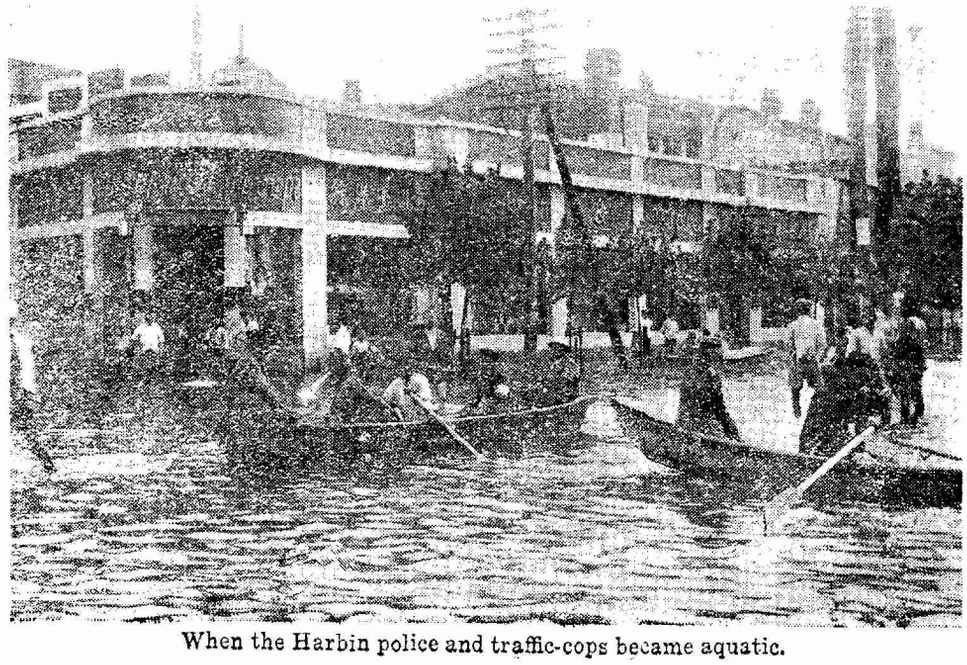
Harbin and other cities and towns, and damage to railways, together with the loss of live stock and personal property—runs into many millions of dollars. No one can figure the actual loss. Thousands lost their lives. The country also sustained a great loss in the large number of Chinese and Russians who are leaving the country, most of them because of the unbearable living conditions due to lack of safety to person and property. In many regions the bandits have increased a hundred fold the past year. In some regions as one Chinese on his way south remarked to us in sorrow and disgust: "Swei-tou Chang swei," everybody loots everybody else. It is estimated that between two and three hundred Russians leave Harbin every month, most of these going South. Instead of hundreds of thousands of Chinese coming into North Manchuria from other parts of China, as formerly, they have now been leaving by thousands the past several months. Many business firms—foreign and Chinese—have failed. Numbers of foreign residents, especially the wives and children of foreign merchants, are leaving, some because of business conditions, but most of them due to lack of personal safety in Harbin. Life for foreigners, as well as for most Chinese at the various stations along the Chinese Eastern Railway and at other towns throughout this region, is well nigh impossible. Those who have had to leave their former places of residence and can neither go back now nor leave for points south must remain here as dependents upon the public generally.

The Defenses of Harbin

One would think Harbin a veritable military camp, judging from the wire entanglements about the city and forts and other defenses recently erected to protect the city from regular and irregular Chinese troops and bandits. Kidnappings are of frequent occurrence. A situation exists such as has never before been known in any port city in the Far East. Such conditions may be to the liking of some, but not to those who have to endure them. A local British paper claims that two hundred Europeans leave Harbin every month, including Russians, and that at this rate Harbin will, in a few years, be without its foreign population. It is claimed by some that these conditions are being encouraged for political reasons, but regardless of how one figures a continuous exodus of Chinese and foreigners from North Manchuria means a great loss present and future. On the other hand one cannot blame the people for leaving when there is so little personal safety either for Chinese or foreigners.

Nearly all basements in Pristan, the main foreign business section, and in Fuchiaton, the large Chinese part of the city, have now been pumped free of water. But the walls and floors of these are still locked with water. Then, also, the walls of the buildings remain soaked. The ground freezes from ten to twelve feet deep here in winter. What is going to happen to those basements and walls this winter? Of course they will freeze, and no damage will result this winter, the buildings will stand on a firm frozen foundation. But next spring when the basements, foundations and lower walls of large buildinge thaw out, often so thorough freezing, great damage will likely result, walls and foundations having been thus undermined. This is an aftermath of the flood which is disturbing the minds of some property owners.

But from an economic standpoint that which presents itself as the great need now is a dyke, or series of dykes, which will make Harbin and its environs safe from future inundations. Herein lies the greatest opportunity for real statesmanship and engineering skill. There are those who have this work in mind and are planning for it, At a recent meeting of the International Relief Committee a Japanese gentleman, representing the Japanese military and Manchukuo, assured the Committee that they were ready to do all that was necessary to meet this



When the Harbin police and traffic-cops became aquatic.

need. We hear much regarding the planning of Greater Harbin, and are sure the construction of dykes holds a large place in these plans. It is a pity that actual work could not be begun this fall, for there are so many men out of work at this time, numbers of whom must be fed free until next spring.

The Rigors of Winter

The pinch of winter is already to be felt. Where possible, refugees are tearing down their little mat sheds and are crowding into the camps wherever these can accept them. Some are digging into the ground, making dugouts along the north side of the Bluff, on which Newtown is built. In these dugoute these Chinese men, with their families, will manage in some way to exist. At such times as these one is impressed again and again with the patience, fortitude, and industry of the Chinese. There is little complaint, but, as one knows, it is their philosophy to make the best of circumstances, probably as no other people on earth, hoping always for a better, brighter day. "Tomorrow" with them is "ming-tien," the hright day. We all feel sure that a better day is coming to Manchuria one of these days. Sometimes one is led to to believe that the Chinese are too submissive to circumstances, but during these flood experiences it is well that they are as social as they are, and so wonderfully patient and able to adapt themselves to circumstances.

Winter in this part of the world is a reality. The thermometer usually ranges around thirtyfive degrees (Fahrenheit) below zero during much of the three severe months of winter, often going far below this. Last winter was not so cold as usual, but this year, on account of the heavy rainfall the past summer and this fall, the ground being literally soaked, the present winter will, most likely, be unusually cold. Rains have continued unusually far into the fall, Unless financial aid is had from several sources there will be much suffering in Harbin and throughout North Manchuria both among Chinese and Russians this winter.

It would not be right, therefore, to conclude these lines without making an appeal on behalf of these people. While the spectacular features of the flood situation have past, the more serious yet remains. The needs of relief in Harbin are great every winter. During the cold winter months there are ordinarily as many a thousand poor Russian people, it is claimed, and many Chinese, who have to sleep under drive-ways, goods boxes, in piles of freight, or wherever shelter from the terrbile cold can be found. There are those who freeze to death nearly every night. One frequently sees people running through the streets to keep from freezing. Not infrequently a Russian family of several will have only one garment which is warm enough to afford warmth outside the crowded room where they live, only one person at a time being able to go out in the dead of winter.

An Appeal for Aid

The foreign population of Harbin is not blind to these conditions, and make contributions as far as they are able. The principal organizations through which work is done are now soliciting funds. We should like to mention three of these, through which some of your readers may wish to have a share in caring for the needy in this distressed part of the world. The International Committee, of which S. T. Bitting, manager of the National City Bank, is chairman, is doing fine work in a large way. The funds of this committee are about exhausted. The Foreign Association for Russian Relief, of which R. P. Melhuish, of the Hongkong and Shanghai Banking Corporation, is chairman, has for several years done excellent work among the Russians and other needy people of this city. This committee operates a soup kitchen, where nourishing food can be had by a limited number daily throughout the winter, by those who are in most desperate cirumstances. This organization through this and other work has saved hundreds from starvation, freezing and suicide, furnishing eight thousands meals last year. The Chinese Christian Cross Association seeks to furnish relief for the Chinese Christians in particular, also, and for as many others as they are able to succor. Funds for this organization may be sent to the treasurer, Rev. N. Buch, of the Danish Lutheran Mission. One phase of our work is to help men who have lost everything, or have had to flee from their homes because of war bandits and have had to leave everything, to get started again by lending or giving them enough money to begin small business enterprises, such as selling fruit, etc., on the streets.

Some residents of Manchuria get their mail into Manchuria and out to China by having it remailed through their consulate, or friends, in Dairen. Money for postage to cover re-mailing is prepared and left with the Dairen Consulate. Should there be those who wish to send contributions to any of the above organizations, this can be done by check or draft on any of the banks in the port cities of China, or on banks in foreign countries. If desired, letters may be sent to the American Consul, Dairen, in a separate envelope with the request that the charge for re-posting may be placed to our debit.

Salem, Mass., Girl To Marry Official in French Indo-China

Miss Alice Smith and her brother Philip Smith of Salem, Mass., passed through Shanghai on the Dollar Steamer, *President Lincoln* last week on their way to Manila where Miss Smith is to be married to Jean Bourgoin, Assistant Chief of Public Works of French Indo-China. The marriage will be the culmination of a romance which began in France during the course of the World War. Miss Smith is the daughter of J. Foster Smith, president of the Maunkeag Cotton Mills, one of the largest industrial establishments of New England. Philip Smith, who is accompanying his sister to Manila, is a well known American architect.

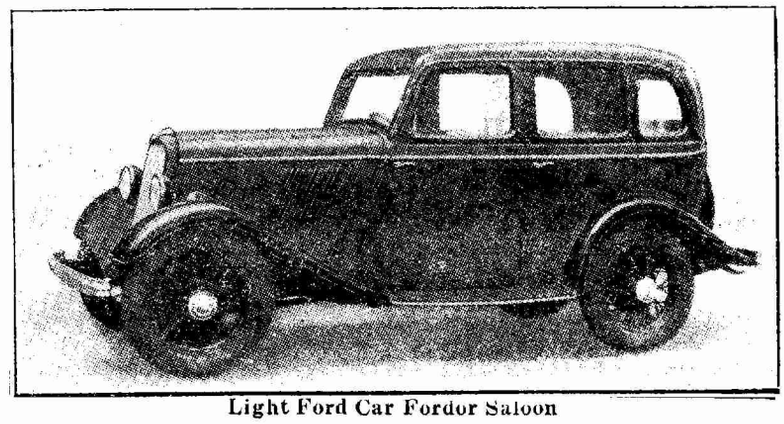
U. S. Finance Body Agrees on China Wheat Loan Terms

A telegram from Washington, Dec. 8, stated that the Reconstruction Finance Corporation has agreed on the terms on which it will entertain an application from the North Pacific Graingrowers' Association for a loan to finance the sale of 6,000,000 bushels of wheat to China. No formal application has been received for such a loan, but the conditions have been sent to the Association officials for consideration.

The British-Made Light Ford Car Now on Sale in Shanghai

Bills Motors Ltd., Shanghai, has now on sale the Light Ford made at the new Ford works, Dagenham, England. The four-cylinder engine of this "large car on a small scale," is the largest that has been produced in its tax class. Bore 2.23 inches (56.64 mm.). Stroke 3.64 inches (92.56 mm.). Capacity 933 cc. In its general design the power unit follows well tried lines, the cylinder head being detachable, while the cylinders are cast in one with the top half of the crankcase.

This new Ford is essentially a safe car. A unique body-building system is employed on this new Ford. The double drop frame gives a very low floor level. As the pill as and panels of the steel body are attached to the sides of the chassis-frame members, instead of being bolted on to the top surfaces, the elimination of the body sills has enabled the floors to be lowered.



Light Ford Car Fordor Saloon

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The Mailed Fist of Japan in North Manchuria

(From the Review's Correspondent at Harbin)

APPROACHING the end of the closing year and facing the advent of the new one, we might turn back and review in our minds the major events affecting the destinies of China's Three Eastern Provinces. Summing up the events of the passing year we might term it as the year of the tightening by the Japanese of their grip upon Manchuria following the occupation of major cities during the first two months after the eventful night of September 18, 1931. Once having challenged the entire world by its unjustified aggression, Japan continued steadfastly along the war path, and by January 1st we saw her armed forces firmly entrenched in such strategic points as Mukden, Changchun, Kirin and Tsitsihar. The program of the complete occupation of Manchuria was thus, by January 1st, only half done, the unaccomplished parts of same being:— (1) occupation of Chingchow, where China still retained a semblance to Manchurian Government, (2) occupation of Harbin and the C.E.R. zone, involving Soviet interests, and (3) establishment of an "independent" State out of the Three Eastern Provinces. Of this, the occupation of Chingchow was still in the course of execution, and, really, Chingchow fell to the Japanese army on January 2nd. As may be remembered, the Chinese troops retreated without any resistance and established themselves beyond the Great Wall.

Chinese volunteers operating a piece of antique field artillery in North Manchuria.

After driving out the Chinese army from the land, the Japanese high command could now devote its time to the second stage of the program—the occupation of Harbin and all the routes of the C.E.R. Since the invasion of North Manchuria and the occupation of the C.E.R. zone would mean a direct encroachment upon Russian interests, the accomplishment of this task presented certain difficulties. It will be remembered that, by many treaties with Russia, Japan had recognized Russia's special interests in that particular part of Manchuria. However, the high command had a certainty that, if the occupation be carried out cautiously and without harm to the Soviet *amour propre*, the Soviet would never use the armed force to protect their interests. Every evidence had shown that the Soviet would never come to an open clash with Japan at this juncture, when Russia was well on the half way of her Five-Year Plan and when internationally she was isolated in the worst sense of the word.

No Excuse for Expedition to Harbin

There was, however, no excuse for the sending of an expedition to Harbin. The leading personages of the Harbin administration, appointees of Marshal Chang Hsue-liang, were extremely cautious, subjugating anything that would anger the Japanese and create an excuse for sending an expedition to that city. Everything showed that the Harbin authorities were going to take the best and oft tried course in Chinese politics, namely, the "sitting on the fence," as it is termed in this part of the world. Of these personages, General Chang Ching-hui, civil administrator of the C.E.R. Special Area, had already declared his approval of the talked of independence of Manchuria, although he might have had no clear idea about the scope of that independence. Kirin Province, with which the Special Area has special relations, being in many respects subordinate to its provincial government, had already declared complete independence from China. Next to General Chang Ching-hui, there were Generals Ting Chao and Li Tu, both in command of the C.E.R. Guards. The attitude of both of them remained obscure, although in the Nonni River battles, early in November, staged by General Ma Chan-shan, General Ting Chao assisted by sending a detachment to Tsitsihar. It was surmised that, unlike General Chang Ching-hui, these two generals were likely to resist by armed force the creation of independent Manchuria. Since General Chang Ching-hui had no armed force of his own his declarations were therefore of not much importance; in fact, having no armed force behind him he could hardly doanything.

It should be remembered that, by the turn of the year, the Japanese were in effective control of the three provincial capitals—Mukden, Kirin and Tsitsihar. Of these, Tsitsihar had no provincial governor, since Ma Chan-shan, appointed by the Peiping authorities, defeated on the Nonni front, fled northward and established himself at Hailung, Heilungkiang Province. Inasmuch as the province could not remain without a governor, the populace was "advised" to invite General Chang Ching-hui of Harbin to proceed to Tsitsihar and assume the post of provincial governor. vacant since Ma's fleeing. Really, on January 7 General Chang visited Tsitsihar and assumed the post. We have stated that this general had already been influenced by the Japanese, so with his assumption of the post of provincial governor of Heilungkiang all the three provinces of Manchuria could roughly be counted as brought under the effective control of the Japanese.

The Exploits of Gen. Ma Chan-shan

Prior to his going to Tsitsihar to assume the post of provincial governor, General Chang had an interview with Ma Chan-shan at Sunpu, opposite Harbin, on January 6. For this purpose General Ma especially arrived from his retreat at Hailung and was accorded full respects by Chang and his encourage. While nothing was revealed about the nature of negotiations between Chang and Ma, it was surmised that it had much to do with Ma's reconciliation with the new situation in Manchuria—a few days after Ma openly recognized his "mistake" in taking arms against Japanese at the Nen River front, by which—it should be stated—he was already acclaimed as a hero all over China. Prior to his visit to Harbin, the erst-while Heilungkiang governor had a confab at Hailung, with Colonel Itagaki, senior staff officer of Kwantung army, in which the Japanese side prevailed upon Ma to bury the hatchet and become pro-Japanese. Probably, because of this interview Ma dared to come to Harbin and see the civil administrator from whom he undoubtedly learned the inside sentiments of Hsi Hsia of Kirin and Chang Hsi-ye of Mukden, both of whom being complete strangers to him. The winning over of Ma was acclaimed by the Japanese as a sort of unusual ingenuity on their part, but it, however, did not prevent Ma from turning round and betraying their cause in most spectacular manner, which he did a few months after.

The intreped General Ma Chan-shan came into public view suddenly, late October, 1931, when he, being the

senior officer after General Wang Fu-ling, governor of Heilungkiang Province, then absent at Peiping, was appointed acting provincial governor of that province. Until that time he lived at Heiho (opposite Blagoveschensk) being in command of the frontier troops there. It is surprising how this allegedly illiterate general had found a courage within himself to confront the mighty Japanese army at the Nonni River and to keep it back for a few weeks despite all odds against him. The explanation might be found in the fact that, at first, the Japanese started the invasion of Heilungkiang Province not by themselves, but through a Chinese actor named General Chang Hai-pen, military commissioner of Taonan, Inner Mongolia. This general, of distinct bandit origin, like Chang Tso-lin himself, came out as a pretender for the post of Heilungkiang governor and started a march from Taonan to Tsitsihar along the railway. Hence came the prologed warfare between Generals Chang and Ma in which the Japanese took part, assisting Chang and finally ousting Ma from Tsitsihar. Therefore, an opinion is being mooted that, if there had been no Chang Hai-pen instead the Japanese army driving on Tsitsihar by itself, General Ma would have found no will-power to resist, preferring to sit in far away Heiho. Later developments of his career seem to confirm the supposition.

While the driving out of a lawful governor from Tsitsihar was not a difficult task in itself, the occupation of Harbin, the very center of Soviet interests, required extreme prudence. Besides, Harbin was a center of White Russian population, on whose support the Japanese had a reason to count. So, in order to prepare the ground for an eventual occupation of the city, they founded a newspaper in the Russian language, the *Harbin Times*, under their own jurisdiction and therefore outside the influence of the local Chinese authorities. The staff of the paper was composed of unemployed White Russians, formerly connected in some way with newspaper work, or persons allured from other publications by the offer of a higher pay. From its very first issue the *Harbin Times* directed violent attacks upon the Chinese authorities — civil, military, juridical — publishing glaring accounts of maladministration, abuse and bribery allegedly committed by their representatives in times past.

The purpose of the *Harbin Times* was plain—to stir up the popular indignation against the Chinese and, incidentally, the Soviet authorities. The trick worked admirably—at any rate by the end of December a certain section of White Russians, otherwise law abiding people, showed a restive attitude. The least provocation would have led to a serious situation, and this, at last, broke out on December 31, when a trifling incident at the Ho Shin Lin's Grocery, in Kitaiskaya street, led to street disturbances of considerable proportions and which continued the whole succeeding week, resulting in a number of casualties. The incident was taken up by the *Harbin Times* and the rest of the Japanese controlled press as a glaring example of the ineptitude of the Chinese authorities of Harbin to preserve peace and order, all of them imploring the coming of more disciplined authorities. In the meantime no ink was spared to picture the coming paradise on earth—the half destitute White Russians were promised employment, settlement on farms and other benefits at the hands of the new regime.

The Binhsien Incident

It seems that until January 10 there existed no united determination on the part of Generals Ting Chao, Li Tu and others to confront by armed force the Kirin Provincial Government of General Hsi Hsia. Up to that date all these personages kept a waiting attitude, giving no ready support to the new situation nor coming out in open revolt. There existed, however, another Kirin Provincial Government, established at Binhsien, a small rural town north of the C.E.R., which began claiming authority over the whole province, challenging Gen. Hsi Hsia's Government at Kirin. Since it was a settled policy to occupy Harbin and the Special District by peaceful means, rather than through military action, it seems that every means was tried to bring Generals Ting Chao, Li Tu and the Binhsien Government over to the Government headed by General Hsi Hsia. He sent down his right hand man, General Yu Hsian-tsou to Harbin to negotiate with the Harbin generals, failing in which General Yu had, as a last resort, to use armed force to bring them over to the Kirin fold. General Yu's forces were then concentrated in Uishu hsien, south of Harbin. It will, therefore be seen that the role of General Yu in this matter was very like the one played by General Chang Hai-pen in the initial drive on Tsitsihar in November, 1931.

The peace was broken on January 10, when a Japanese military airplane flew over Binhsien, where were then assembled representatives of 25 hsiens, recognizing that Government, and bombed the town. "The populace had no suspicion of hostile intentions of the airplane," wrote the *Kung Pao* on January 12, "and came out in the streets to see its evolutions, when it suddenly started dropping explosives. The panic that ensued baffles all description. The assembly hall escaped undamaged."

Fighting the Japanese invaders in snow-covered North Manchuria is quite different from defending the Shanghai rice-paddies from the same foe. Some of Gen. Su Ping-wen's troops, prior to their evacuation.

Scared by bombardment, the Binhsien Government began to show an inclination to come to terms with the Kirin Government, in which General Chang Ching-hui of Harbin played a singular role as a mediator between the two Governments. On January 18 it was reported that an agreement was at last signed, providing for voluntary dissolution of the Binhsien Government, pardoning of the troops once engaged in hostile actions against the Kirin Government and also of their commanding officers, incorporation of all Binhsien troops into the Kirin army and payment to them of salaries in arrears.

However, it so happened that, when General Chen Yun, president of the Binhsien Government, learned the terms of the agreement, he did not approve them, and in consequence the Binhsien troops began moving to strategic points with an obvious intention to attack the troops of Gen. Yu Hsian-tsou. Hereafter events moved rapidly —the Old Kirins, that is, the Binhsien troops, gradually occupied all important points along the Eastern Line of the C.E.R. To elude another aeral raid General Chen Yun moved his Government to Ilan, on the Lower Sungari River. Thus, all hopes of the Japanese command to win the Old Kirins to the new order of things by peaceful means turned out futile—there remained only the armed force to do it. This had become more apparent when, after a street battle with the police, the Old Kirins on January 26 occupied a Chinese section of Harbin, Fuchiatien. General Ting Chao, in command of the C.E.R. Guard, definitely sided with the Old Kirins and issued orders to his troops to attack General Yu's troops, then stationed at Old Harbin, some three miles from Fuchiatien. The newly arrived Japanese army resident officer, Colonel Dohihara, who played so conspicuous a role in the September 18 incident, stated to the press interviewers that the Japanese army cannot tolerate General Ting Chao in his present position and that the army favors the appointment of General Yu in command of the railway guard. "The question of occupying Harbin depends upon the outcome of the negotiations between the Japanese command and the old Kirin administrators" he said.

While every means was thus being tried to bring the Harbin and Binhsien authorities over to the fold of the new Kirin Government, the Kwantung army was

steadily proceeding with consummating the Manchurian independence. Early in January Colonel Itagaki, the senior officer of the army, left hurriedly for Tokyo ostensibly carrying with him a plan for the enactment of the independence coup. While at Tokyo he stated to the press interviewers that "the preparations for the creation of the independent Manchurian-Mongolian republic are going on in haste, and I am eagerly waiting for the debut of the new State." That the independence movement had been preconceived and carried through by the Japanese military and civil officials was so evident to the League of Natons Commission, which visited Manchuria some five months after, that they wrote in their report that "if there were no Japanese troops and the activities of Japanese officials, both civil and military, the new 'State' could not have been formed."

The *lese majeste* case enacted by a Korean radical at Tokyo on January 8, followed by a wholesale resignation of the Cabinet, did not prove to be a dilatory factor, since it was not followed by the appointment of another Government. By this time the preparations for the declaration of independence seem to have been shifted to the Chinese authorities. At any rate the *Kung Pao* learned on good authority that this question had to be brought up for discussion at a meeting of "representatives" of all provinces and special districts of Manchuria, composed of General Chang Hsi-ye, representing Mukden Province (then released from the arrest he was under but still under a close guard), Gen. Hsi Hsia of Kirin Province, Mr. Arai, as a proxy of Gen. Chang Ching-hui, Heilungkiang Governor and administrator of the C.E.R. Special District, Prince Kui Fo of a district in Inner Mongolia, etc. The main topic of the deliberation was to be the details of the forthcoming declaration of independence. It should be emphasized that about this time, that is, January 10, at Binhsien there was held another conference of 25 hsiens of Kirin Province, which declared its allegiance to the Chinese Govenment, and which was—as stated above—bombarded from the air.

Thus, by the end of January the independence plan was put up on a tangible footing—it ceased to be the subject of various rumors and conjectures. Hereafter Mukden became a hotbed of all sorts of activities aimed at speeding up the formal declaration of independence. As stated, the battle between the Binhsien troops and Gen. Yu's forces at Harbin on January 28 showed to the Japanese the futility of any further negotiation with Ting Chao, Li Tu and Cheng Yun; at Shanghai, on the other hand, the Japanese handed their famous ultimatum to the Mayor of Greater Shanghai and launched forwith an attack on Chapei. Thus the advance of Gen. Yu's troops and Japanese invasion of Shanghai almost coincided.

Japan's Decision to Subjugate

Once the hostile intentions of the Harbin generals became evident, the Japanese decided on subjugating them by force, and with that end in view they ordered a division under Gen. Hasebe, then concentrated at Changchun, to advance to Harbin. The drive was started on January 29, whereupon the railway traffic between Harbin and Changchun got blocked, resulting in utter panic along the railway. Now, the Societ side could not remain on the fence any longer—it had to act in some way, and did it in a very peculiar way—the Soviet management of the C.E.R. withdrew all rolling stock to Harbin anl ordered all its employees not to extend any help to the Japanese. In view of this the movement of the Japanese troops from Changchun to Harbin was rather slow—they had only three trains at their disposal, intercepted at Kwangchendzu station, being not yet withdrawn to Harbin. This was, of course, too little stock for the transportation of the whole division, so they had to use motor trucks to transport a part of their troops. Soon they learned the true Soviet intentions—on February 2 the army resident officer at Harbin and the consul-general, Mr. Ohashi, visited the Board of Directors of the C.E.R. and urged it to allow the using of the railway by their troops, which was flatly refused on the ground that the Soviet side of the Board had no instructions from the home government in that respect. After numerous battles with the "Old Kirins", the Japanese at last reached Harbin and entered the city on February 7. Generals Ting Chao, Li Tu, etc., retreated to Binhsien, the erst-while seat of the Kirin Government, now removed to Ilan, further up in the country to escape the Japanese air-raids.

After the occupation of Harbin there remained the last, and, perhaps, the hardest part of the program—the creation of an "independent" State. As we have stated, up to this time, there was done a considerable amount of preparatory work, so it now became possible to speed up the events, for the general situation admirably favored the successful carrying out of the task, namely, —Harbin was occupied, and without much bloodshed or loss to the property, General Ma was actively helping the Japanese in winning over the Old Kirin generals, the world's attention was directed to the events around Shanghai,—everything indicated that the declaration of independence would likely pass unnotined. So on the next day of the entry of Japanese troops into Harbin, the *Rengo* was able (on February 8) to circulate a message from Mukden stating that "in view of the successful bringing of the Harbin tangle to an end, the preliminary work for the creation of the new State is proceeding rapidly. It is reported that the Government of the future Manchuria-Mongolian State will be represented by the so-called State Council, having the following departments or ministries; foreign affairs, war, industry, civil, finance, education, justice. Tsan Hsie-yi will, by all probabilities, be selected president of the State Council." How far General Ma Chan-shan had by this time become reconciled with the Japanese could be seen from an interview he had at Harbin on February 7, at the Modern Hotel, with his former adversory, General Tamon, during which Gen. Ma pledged to do his best to bring the rest of the Old Kirin generals to the new order of things. However, his troops took part in battles around Harbin, so General Tamon was reported to have demanded of Gen. Ma to explain the meaning of such a hostile act, to which Ma pleaded that "his troops acted without his orders and on their own responsibility, so he cannot be held accountable for their deplorable conduct."

The Drama at Shanghai

While all this was being hatched, the world's attention was turned to the drama around Shanghai, where the Chinese 19th Route army was heroically defending each foot of China's territory. Coincidently enough, in America, about this time, there took place the kindnapping of Col. Lindbergh's child, an incident of quite trivial character, but which was so advertised as to detract the public attention from happenings at Shanghai and in Manchuria. In this hubbub was born the 'independence" of Manchuria, about which event *Rengo* had the following to state in its message of February 17 from Mukden: "Messrs. Tsan Hsi-yi, Chang Ching-hui, Ma Chan-shan, Yui Chung-han, Yuan Tsing-kai, Chao Tsin-po and other leaders yesterday gathered at the home of Dr. Chao Tsin-po and at 9 o'clock opened the first meeting of the High Political Council for deciding on the question of the creation of the new State. First was taken up for discussion the form of the future State, upon which those present could not come to an agreement—there were those who favored the republican regime and those who favored the monarchical regime. Heated discussions were held up till 3 o'clock in the morning, and brought to no agreement of views. It was decided to resume the sitting this morning and settle this constitutional question by a ballot." The next *Rengo* message of the same date stated, however, that the meeting decided on a compromise—the nomination of a Chief Executive, who would be neither president or monarch, but something between, holding his office for life. Ex-Emperor Hsuantung was, at that time, at Port Arthur, under guard, being brought secretly from Tientsin early in November, 1931.

How Manchurian "Independence" Was Hatched

In the same night, at 11 o'clock, February 17, was published a declaration purporting to announce the creation of the new State, which stated *inter alia* (*Rengo's* rendering): "In order to save the populace from unbearable suffering, consequent to present events, we, being appointed by the free will of the people, have this date gathered at a consultation and deliberated most carefully upon the said question. We, the fully authorized representatives of the poplulace, have come to the unanimous conclusion to sever at all times any connection with the former administrators of the North East, and, being united in unbroken alliance, solemnly declare the complete independence of the four North-Eastern Provinces. To carry out this decision we have resolved to appoint the Administrative Committee as a fully pledged sovereign executive organ, which is hereafter to administer all the affairs of this free land."

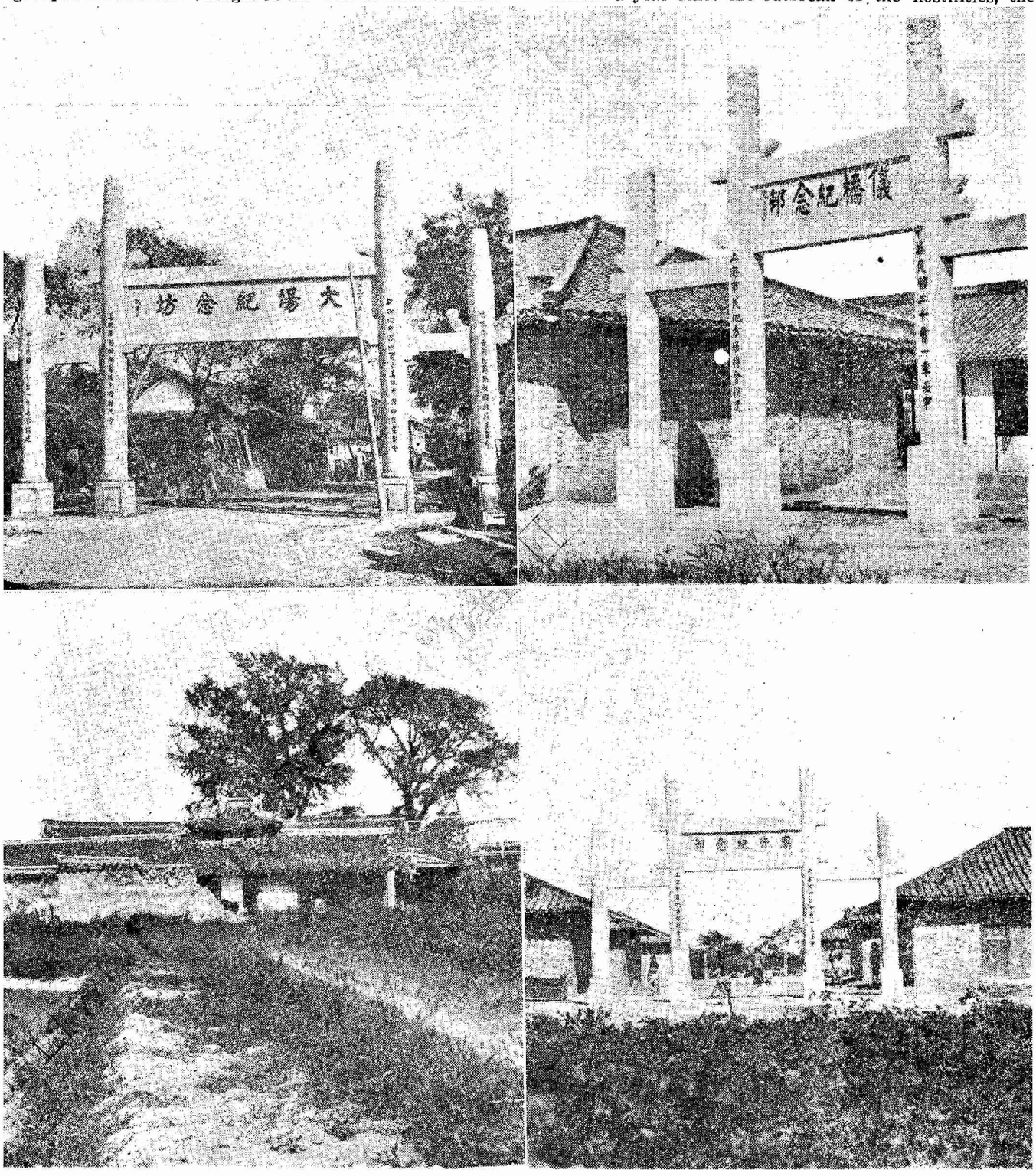
This declaration was therefore the first one ever heard of or read about the Manchurian independence—it preceded nearly by two weeks the declaration of March 1, promulgated by the alleged representatives of all hsiens of the Three Eastern Provinces, and whose right to act in the name of the people was, however, put to question

(*Continued on page 104*)

Memorial Villages Being Built in War-Devastated Area

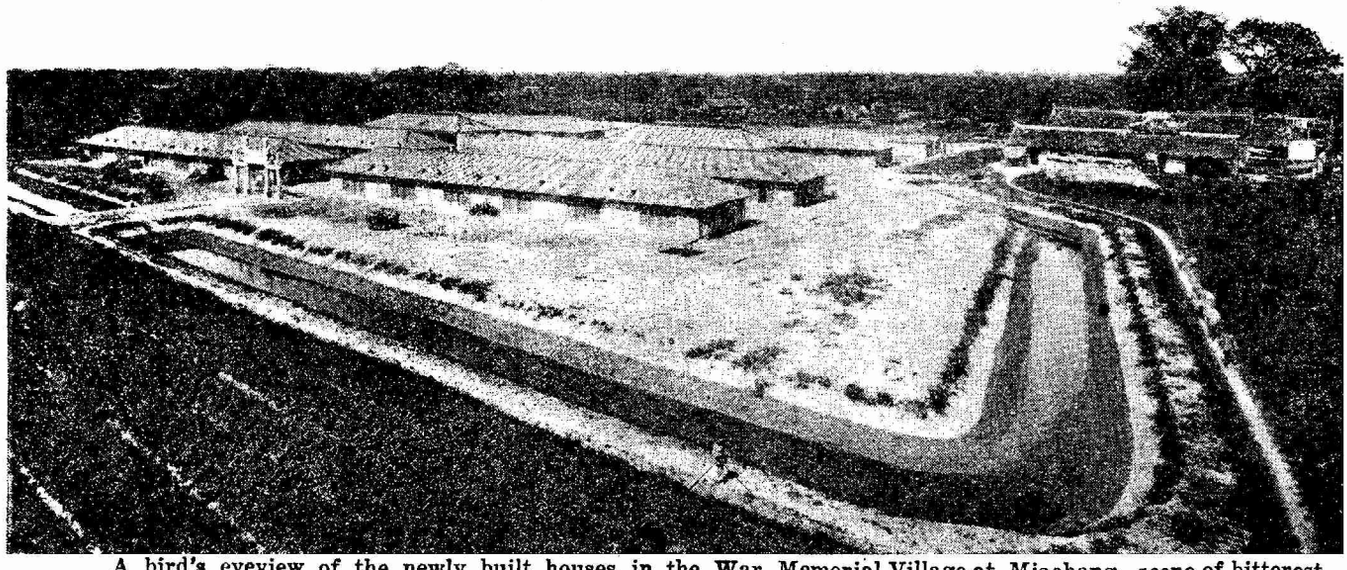
BY HOH CHIH-HSIANG

TO perpetuate the memory of Japanese ruthlessness and ferocity in Shanghai during the Sino-Japanese hostilities last Spring and to relieve the sufferings of the war victims and honor the heroic deeds of the fallen soldiers and officers in the war, patriotic Chiness organizations and individuals in China and abroad have made liberal contributions for the erection of a series of houses grouped in Memorial Villages in the war-devastated areas in and around Shanghai and are raising more funds to build a Cenotaph fort he Unknown Soldiers who died for the cause of national defense. While all the districts affected by the fighting have suffered terribly from the operations, but for stubborn resistance, intensive devastation and colossal loss of lives, Chapei, Miaohang, Kiangwan and Woosung easily ranked the first. Despite the lapse of almost a year since the outbreak of the hostilities, the



REHABILITATION OF THE WAR-DEVASTATED AREAS IN SHANGHAI. The above pictures show the massive stone arches of some of the War Memorial Villages which have been built by contributions of Chinese organizations in Shanghai and overseas Chinese merchants at Singapore, Java and Batavia, to commemorate the destruction caused during the Sino-Japanese hostilities last Spring. *Upper Left:* War Memorial Arch of Tazang, the most badly air-bombed town during the Shanghai War. *Upper Right:* The Memorial Arch of Yi Chiao, a suburb village of Taichang District. *Lower Left:* The old Temple of Miaohang, ruined by the Japanese artillery shelling. *Lower Right:* Arch of Miaohang Memorial Village.

famous battles of Miaohang and Kiangwan are as yet vivid and fresh in the minds of the Shanghai residents with the vestiges of their disastrous effects still much in evidence. The furious offensive operations of the Japanese Army featured by terrific and ruthless artillery shelling and airbombing had literally razed to the ground many suburban towns of Shanghai. Thousands of houses and farm hamlets dotting the countryside were crushed and destroyed by the violent explosions of the deadly Japanese air projectitles and innumerable numbers innocent and peaceful lives were sacrificed before the altar of Japanese militarism. The lucky survivors, deprived of all they once possessed, have found their homes in ruins and suffered untold privations. The colossal sacrifices endured by the poor and harmless villagers for the sake of their country have not been made grounds of complaints on their part but have aroused deepest sympathies of their fellow countrymen both in China and overseas. To devise ways for the relief of these sufferers, public-minded citizens of China have financed the construction of a large number of houses in the war-devastated areas, particularly in Miaohang, Chapei, Kiangwan, Woosung, Chenju, Tazang, Liuhang and other suburb towns of Shanghai. Memorial arches have also been built in the above places with the projected erection of a monument for the Unknown Hero at Miaohang.



A bird's eyeview of the newly built houses in the War Memorial Village at Miaohang, scene of bitterest fighting during the Sino-Japanese War at Shanghai, where a monument dedicated to the Chinese officers and soldiers who fell in this battle will be inscribed "A Cenotaph of the Unknown Hero," is also being projected.

In order to appreciate the significance of the Shanghai war and particularly, the battles of Miaohang and Kiangwan, it seems appropriate to give a brief review of the serious fighting involved in the two areas and the valiant defense put up by the Chinese troops, in connection with the relief measures taken by the Chinese people in memory of the war. Following the outbreak of the fighting at Shanghai, the Japanese marines envisaged an easy occupation of Chapei area, but the stubborn defense of the 19th Route Army dashed the Japanese expectations. After their failure, in breaking through the Chapei defence following two weeks serious fighting, the Japanese suddenly decided upon a change of tactics with the arrival of a full creak Division of regular Japanese Army in Shanghai under the command of the much advertised Lt.-Gen. Uyeda. On the morning of Feb. 20 last, following the categorical rejection of the insolent demands contained in the famous Uyeda Ultimatum to Gen. Tsai Ting-kai and the breaking down of further negotiations, the Japanese troops launched a furious offensive on the Kiangwan-Miaohang defense line, defended largely by the 5th Army Divisions, fully expecting to break up the defense and cut off the connection between the Chinese forces in Woosung and Chapei. A heavy artillery fire supplemented by two squadrons of air bombers initiated the operations that morning and furiously bombarded the Chinese defense. Under the cover of the artillery bombardment, parties of Japanese infantry men forged ahead towards Chinese position and severe fighting immediately ensued. The Chinese defense units of the 88th and 87th Divisions entrenched in their positions patiently and calmly sustained the onslaught and offered stiffest resistance, relying chiefly on manchine guns, rifle fire and hand-grenades. The Japanese advancing parties continued to press forward, but the well-directed and concentrated fire from the Chinese troops steadily checked their progress. At times, the two opposing forces came into close grips and fought a hand-to-hand fight. Thus serious fighting lasted for two days and nights, entailing heavy casualties on both sides and widespread destruction of buildings, but with the Japanese advance held in effective check.

Exasperated with wounded feelings of pride and keen disappointment at failing to penetrate the Chinese defense, the Japanese forces on Feb. 22 threw the whole weight of their strength on Miaohang, on which they concentrated a whole day's artillery fire in a determined attempt to disloge the units of the 88th Division from the area. It was estimated by surviving officers of the defense at the front that in less than four hours between 1 and 4 a. m. on the day, the Japanese dispatched more than 3,000 shells, almost totally destroying the ill-improvised fortifications and the house shelters in the little village. Despite the tremendous odds of combined land artillery fire and air bombing, the 5th Army Division fought heroically and continued to hold their own. As the day approached evening, due to the complete destruction of the defense works and shelters, the defence unit at Mukaichih, a district just little south of Miaohang, weakened and was broken in by the Japanese. A sudden onrush of the Japanese troops into the area for a while threatened the collapse of the whole defense of the Miaohang line, but fortunately just at the critical moment, a reserve force rushed to the front and a combinsd offensive by detachments of both the 19th Route and the 5th Armies was launched against the occupation units. After furious and heaviest fighting throughout the whole night, the Japanese occupation party was successfully ejected.

The fighting at Miaohang and Kiangwan lasted for fully three days and nights and is ranked as the most boody and ferocious battle in the history of Japanese ignoble undeclared war on Shanghai. The foregoing brief account as given in official reports of the 5th Army Headquarters sufficenetly demonstrates the colossal sacrifices of the Chinese defenders and intensive and extensive destruction of the two areas.

Since the conclusion of the hostilities, the first and foremost thing that called for urgent attention of the authorities and public organizations in Shanghai is to devise measure for the relief of surviving war sufferers and general rehabilitation of the war areas. For this purpose, a sum of over $300,000 has been raised and spent for the contruction of memorial villages in the various war areas to house the homeless war victims.

While many organizations have been participating in this worthy cause, the funds for these war memorial villages have largely been contributed by Chinese Bankers and Commercial organizations at Shanghai and overseas Chinese merchants and residents in Singapore, Java and Batavia and the actual work of building of the housse

has been in the charge of the Citizens' Emergency Committee of Kaiting, - Taichang - Paoshan Districts. Among the people in Shanghai who are directly and indirectly reponsible for the work are included Chang Kya-ngau, Hu Chun-chiu, Hu Chun-chuang, Tu Yueh-seng, Wang I-ting, Sze Liang-tsai, Li Ming, K. P. Chen. Wang Hsiao-lai, Yu Ya-ching and a large number of other public-spirited citizens and Government officials, The construction work was started early last Summer and up to the present, a total of 1,027 houses, 22 school buildings, and 31 Citizens' halls have been built in war memorial villages. Of the total, 668 houses, 11 schools and five halls were built in Paoshan district, chiefly at Miaohang, Tazang, Tsoyuanteng, etc. In Tazang alone which suffered most severely from Japanese airbombing, 264 houses were built; 206 houses were built in different villages of Taichang District, which include Yichao, Sintang, Chiyakow where the Japanese troops made successful landing. 153 houses were built in Kaiting which was occupied by the Japanese following the withdrawal of the Chinese defense forces from Shanghai. In the Municipal areas of Greater Shanghai Municipality, 674 houses are under construction for Chapei, Chenju, Yinghang, Benpu and are approaching completion. Woosung is expected to get 217 houses. 190 others will be erected in Chapei and 132 in Kaochingmiao, near Kiangwan. Each of the villages is equipped with a hall and school buildings. Many new houses are being projected in various war striken areas and will be built in due course of time. Construction of these houses is carried on in a very economic scale and avergely, each house costs only about $150. Besides providing shelters for the war refugees, other relief measures have also been taken in the from of money grants to the poor villagers, food, clothing and piece work employment. The houses are built largely by the villagers themselves in the various localities, and are equipped with kitchens and other necessities. The distribution of the houses is principally based on the size of families. Generally, one family is entitled to one house, but those families having large number of members may have two or three houses. The halls are public which are used for occasions of meeting, wedding ceremonies and other social functions. Most of the houses have already been occupied, but many of the less fortunate war victims are still homeless. The Committee in charge of construction of the war memorial villages is soliciting more funds to construct additional houses in the war areas and is making progress in its work.

While these worthy efforts are being made for the relief of the surviving war sufferers, appropriste measures are also being taken by various organizations in Shanghai to honor the memory of the war dead. Miaohang, the center of severest fighting in Shanghai, has been chosen as the fitting place for the erection of a monument. An appeal has been issued in the Chinese papers for contributions for the construction of a Cenotaph for the Unknown Soldiers, volunteers and civilians who paid their supreme sacrifices during the war. Besides the cenotaph, they also proposed the construction of a museum nearby the cenotaph for the preservation of trophies and other relics of the war, a park to environ the cenotaph and the museum and two motor roads, linking Ta-chang to the west and Chapei in the south to facilitate visit of people to pay tribute to the fallen heroes. A piece of land of some thirty Mow has been contributed by the residents of Paoshan and a sum of $10,000 by the various organizations and individuals at Shanghai. While these two contribution could only enable the promoters a modest beginning, a still much bigger fund is necessary for the consumation of the project. Hence, an appeal for donations has been made to those who sympathise with the cause and who wish to honor in a way those heroes who gave their all so that the Chinese race may survive. The appeal is now receiving favorable response from various quarters of the country.

General Chiang Kai-shek Expresses Thanks for Foreign Aid

At a reception at the Chincheng Bank in Hankow, Dec. 4, to members of the National Flood Relief Commission inspection party and a party of Peking officials who are to inspect the areas recovered from the Communists, General Chiang Kai-shek made a speech expressing thanks for foreign assistance rendered to China and continued: "In spite of foreign aggression and internal dissension and in spite of floods and Communists we are able to cut through a road to get us out of our difficulties. We are still in a crisis but we believe the end is in sight and we are confident of our ability to lay a firm foundation for the nation."

Gen. Chiang expressed the hope that foreign friends would not cease to lend their help to assist China in weathering the crisis.

THE MAILED FIST OF JAPAN IN NORTH MANCHURIA

(*Continued from page 101*)

outright. There was not the slightest doubt that the so-called national assembly was a simple and pure make-shift, which fact was duly observed by the Lytton Commission of Enquiry. In its report we find that "it is clear the Independent Movement, which had never been heard of in Manchuria before September, 1931, was only possible by the presence of the Japanese troops. A group of Japanese civil and military officials, both active and retired conceived, organized and carried through this movement, as a solution to the situation in Manchuria as it existed after the events of September 18."

While the Japanese high command was thus on the half way of the third stage of their program in Manchuria, the Soviet side embarked in activities of another sort—it began gradually and noiselessly withdrawing all available rolling stock from the Chinese Eastern Railway. Within a couple of weeks the best part of the stock was already withdrawn from Manchurian soil and distributed along the Ussuri and Amur railways, then both of them busily engaged in transportation of troops. By March 15 the Soviets succeeded in removing 64 locomotives of American type, 10 locomotives of other types, over 1,000 freight cars, about 200 passenger cars, a few scores of service cars, dynamo-meter car (for measuring tracks), besides power station equipment, workshop engines and tools, goods stored in warehouses, and so forth, all valued over 80,000,000 gold roubles. This policy of crippling, at least technically, their own railway was followed by direct attempts to destroy tracks, bridges, rolling stock, etc., hatched by Soviet agents themselves, which led to the belief that the Soviets had become alarmed at the growing Japanese military activities in North Manchuria. The Soviet rightly expected that Japan, having met no restraint from the capitalistic world, might try to extend her military invasion into the adjoining Siberia with a view to establishing another buffer State, controlled by White Russians.

The Rule of the Volunteers

We have purposely refrained from mentioning the activities of Manchurian volunteers, hunghutze, etc. It is almost impossible to write any comprehensive account of their activities. Suffice it to say that from the very night of September 18, 1931, till the present, the country represents a virtual chaos—as a matter of fact the authority of Manchukuo is recognized only along railways and around big centres, the interior of the country being dominated by the volunteers or bandits. Recently one of the leading Japanese officers stated that for the complete pacification of the country are required no less than three years, and that comes at the time when they have a standing army of over 100,000 soldiers in Manchuria. And one is surprised at the valor and insistence of these Chinese volunteers—they continue their attacks despite unspeakable hardships, lack of arms and ammunition (sometimes with lances only), absence of capable or trained leaders and other odds, all of them leading to appalling losses in killed and wounded at every battle they fight against Japanese or Manchukuo troops. There is, probably, in Manchuria, no town, village or railway station, which would not have been the arena of fighting in some way, and there is every reason to believe that this state of things will continue indefinitely for many years to come.

The misery of the populace, due to widespread disturbances, has been accentuated by the visit of a disastrous flood, which wiped out the last vestige of prosperity of a greater part of North Manchuria. The disaster was of such a magnitute that the relief work, taken up by the Government and also in Japan, is a mere drop in the sea of general wretchedness. By continuous warfare, natural calamities and the absence of any succor from any direction the population has been brought to the verge of an open revolt. This fact explains why the anti-Manchukuo movement has an unfathomable human backing. It is not surprising that the population, made up of the robust immigrants from Inner China, barred from its natural pursuits by constant warfare, when it beholds the fruits of its hard labor torn down by soldiery, bandits and floods, becomes Bolshevik. The proximity of the Soviet Union, from which infiltrates the fume of revolt, the exposure of the true nature of Manchukuo, general hopelessness, all work towards the converting of Manchuria into a ready soil for all sorts of leftist ideas. Paradoxically enough, the Bolsheviks will have to thank the Japanese for the spread of Communism in the hitherto spared Manchuria.

Harbin, November 30, 1932.

The National Railway Situation in China

BY S. Y. LIVINGSTON HU

I HAVE one two-fold purpose at heart in writing this brief paper on the national railway situations here in China mainly concerning what happened in the year 1931, namely, to show that China has the backbone to forge ahead in her struggle for progress in her national railway construction in spite of such adverse circumstances and conditions existing nationally and internationally as the military occupation of Manchuria by Japan, the internal political complications, the flood catastrophe all over the country, the world economic depression in general and the worst and the last of all the military domination over the administration of all the national railways in China and that the railway authorities in China did succeed to an appreciable extent in their determined effort to improve the present national system as well as in their new programs for the completion of some of such unfinished trunk lines as the Canton-Hankow Railway and the Lunghai Railway and for the construction of the new ones. Incidentally I may deal very briefly with the seriousness of the railway situation in China with reference particularly to railway indebtedness—its hugeness and its methods of refunding.

Broadness of Late Dr. Sun's Railway Program

Dr. Sun's statesmanship visioned him to see vividly that China in order to come to the forefront in the family of nations must fulfill one of her first prerequisites of becoming one of the up-to-date first-class nations—namely establish her system of communications especially her system of railways. Thus he proposed a very and broad system of railways consisting in the building elaborate of at least one hundred thousand miles of railway through the length and breadth of China in the following directions, namely, that the Central Line covers the territory north of the Yangtse River, Mongolia and Chinese Turkestan; the Southeastern Line covers a triangular territory with a coastline between the Eastern Port and Canton forming the baseline while the line between Chungking and Shanghai and the line covering Chekiang, Fukien, Hunan, Canton, Kiangsi and a portion of Kiangsu, Anhui, Hupeh, Hunan and Canton forming the other two sides of the triangle; the Northeastern Line covers the whole of Manchuria and a portion of Mongolia and Chili; the Extension of the North-western Line covers a portion of Mongolia, Chinese Turkestan and Kansu and lastly the Plateau Line covers a portion of Tibet, Tsinghai, Chinese Turkestan, Kansu, Szechuen and Yunnan. In Dr. Sun's railway program he also provided schemes for opening home factories for making freight and passenger wagons and locomotives by employing foreign capital and experts. This railway program looks gigantic at present but its complete realization is bound to come in time, I believe, since the movement is gaining momentum all along with conceivable velocity.

The Hsia-Kwan-Pukow Train-Ferry

This Hsia-Kwan-Pukow Train-Ferry was both an idea and a concrete project of many years' standing but it was due to the good judgement and courage of the first Minister of Railways, Sun Fo, who pushed it through and laid the foundation work in December, 1930. Its completion has been somewhat delayed until this year on account of the titanic flood in the fall of the last year. The whole construction has been under the expert management of Dr. Chen Hwa, the famous bridge engineer of China and a senior technical expert in the Ministry of Railways. Under normal conditions of things a bridge alone would serve the purpose but consider any of the width of the Yangtse River—1200 meters—and for the sake of economy of time and money plus convenience to all this train-ferry construction evidently became imperative. The ferry has been completed and christened but both the bridges and the wharves are being made. According to the present rate of speed of construction we expect to see the whole fabric in actual operation by the early summer of the next year since it takes two to three months to put all their component parts together in working order.

The Make-Up and the Financing of the Train Ferry

The train-ferry is to use the ferry to transport the trains across the river and thus the ferry has a size of 360 feet long and 56 feet wide with a triple track each 300 feet long and carrying seven forty-ton freight cars each. There is a locomotive at the stern of the ferry which pushes all the cars on its triple track. There are two adjustable approach bridges, one at each side of the river—Pukow and Hsia-Kwan—each with four spans of this size, 150 feet each—thus meeting the difference of twenty-four feet in water levels during the high-water and the low-water periods of the year. Both the ferry and the bridges were undertaken by two British firms—Swan Hunter & Wigham Richardson Ltd., and Dorman Long Company respectively at £160,000 from the returned portion of the British Boxer Indemnity Funds, which according to the terms of the agreement between the Ministry of Railways and the British Boxer Indemnity Commission are to be completely refunded by August of 1936. Another £40,000 were borrowed from the same Commission for the foundation works and thus much is to be refunded in 1934. Supposing that the exchange rate for pound sterling is set at $17 of our own currency the two loans would total to $3,500,000 (Chinese currency). It has been roughly estimated by both the Nanking-Shanghai Railway and the Tientsin-Pukow Railway that the total annual receipts from the train-ferry would come to $1,200,000 deducting $200,000 as its annual expenditure thus leaving a balance of $1,000,000 per year for the refunding of the loans so within three to four years the whole loan will be paid back without much difficulty provided that China can be at peace for that long.

Completion of the Canton-Hankow and the Lunghai Railways and the New Chengyu Central Station of the Nanking-Shanghai Railway

On account of lack of funds the construction work for the unfinished sections of the Canton-Hankow Railway has been suspended for years. It was for the immediate completion of this railway that the Chu-Shao Engineering Office was established in November of 1928 with Lin Hung Hsuan as its first director. The needed sum for the completion of the Chuchow-Shaochow section has been calculated to be about $8,000,000 which, if the Boxer Indemnity funds comes regularly, could be finished in four years that is with 270 miles of tracks yet to be laid. According to a statement issued by Director Lin recently the line from Shiukwan to Lochang is to be completed in eight months and he expects to operate that line by next May. Just now the Central Government only allocates $700,000 of the Boxer Inmemnity for that work while it actually needs $1,200,000. As to the exact figures of the Boxer Indemnity funds to be allocated for the completion of this railway nobody yet knows because at the time of writing this paper both the Ministry of Railways and the Boxer Indemnity Commission are seriously considering the terms under which the contemplated loans are to be made. So let us hope for the very best of it!

The finished sections of the Lunghai Railway extend from Haichow to Tungkwan covering 898 kilometers thus leaving a balance of 786 kilometers to complete from Tungkwan to Si-An and from there to Longchow. So far the financing is done by both Belgian and Dutch. About the financing of the section from Tungkwan to Si-An covering a distance of 129 kilometers it has been suggested that the National Government float a bond issue amounting to $10,000,000. The said section has been roughly surveyed twice, once in 1924 and once in 1928 when there was established a Tung-Si Engineering Office headed by Lin Hung Hsuan—the financing of which is done by the Ministry of Railways as follows; $50,000 from the Lunghai Railway, $25,000 from Pinghan Railway and $25,000 from the Tsinpu Railway per month thus totalling $100,000 per month. About the financing of the last section of the Lunghai Railway, that is, from Si-An to Longchow it was proposed by Sun Fo during his administration of the Ministry of Railways that the returned portion of the Boxer Indemnity from Russia be used for the construction of the said section. Just now it has been reported that the Ministry of Finance has already appropriated those funds for some other purpose undesignated. I believe that whenever and wherever there is a situation there must be a solution, for there is still a scanty hope for Russia to fulfill

that promise of hers to float a bond issue for the completion of this strategic Lunghai Railway.

There was a variety of difference of opinions on the wisdom and necessity of putting up that huge Central Station at Chenyu at this time when so many other more needed things can be done for the improvement and rehabilitation of this war-stricken Nanking-Shanghai Railway. However the Ministry of Railways decided to do so and appointed three committees, namely, the Engineering Committee, Finance Committee and the Land Committee. Of course the hardest job goes to the Finance Committee which contemplates raising the major portion of the needed funds from selling the unnecessary land of the present North Station. It looks like selling hot cakes on June first rather on July first after the China-Japan war in Shanghai, if psychology actually plays any part in the conduct of life and business—and if Shanghai could be made a principal railway junction point in China as well as in the near future.

Retrocession of the Chentai Railway

The loan agreement was made between China and the Russo-Asiatic Bank on October 15,1902 for a loan of 40,000,000 francs for the construction of the Chentai Railway, that is, from Shihkiachuan to Taiyuanfu of Shansi, which is meter gauged and which is about 243 kilometers long. The terms of the agreement were namely, that the interest on the loan be five per cent per year for a period of thirty years and that the refunding was to be finished in twenty years beginning from March 1, 1912 to March 1, 1932 with a proviso that China could redeem the whole thing any time after 1920 and that the security of the loan be the revenues and the properties of the said railway. The Ministry of Railways took back the administration of this Railway from the French on October 21, 1932 and one of the counsellors of the Ministry was there to take an inventory of the railway properties there. For two reasons this railway has been the most revenue-producing since its first year of operation, 1907, namely, because of its being narrow-gauged and therefore immune from the ill-effects of the civil wars during the past two decades and because of its location in the rich hard coal zone of Shansi. It is gratifying to say a word or two about the Ministry's plans for the extension of this railway westward which, when accomplished will be one of the most civilizing influence accomplished in the so-called the Model Province of Shansi.

Improvements in the Administration of Railways

I shall enumerate and discuss briefly a few of the salient features of improvement instituted in the Ministry of Railways as well as in the railways themselves, namely, transportation at railways' risk instead of at the risk of the transportation companies as formerly, institution of committee for the education of railway laborers and employees, establishment of the railway property division in the Finance Department of the Ministry, new activities of the Domestic Through Traffic Administration and the actual increase in the mileage of railways.

The policy of transportation at the railway's risk is a customary policy practised by all railways in all foreign countries. It is unfortunate that China failed to adopt it in the past fifty years of her railway history and it is "better late than never." After numerous conferences with the responsible people of the leading railways the Ministry finally decided to adopt this policy for the improvement of service to the commercial and industrial bodies of the country, for the carrying out of railway functions for the unification of rates and incidentally for the increase in the mileage earnings of the railways, thus enabling the railway to compete better with the waterway transportation facilities, and other subsidiary vehicles of transportation to railways. It takes time to change and to have all the national railways of China practise it in full swing. Just now the Nanking-Shanghai and Shanghai-Hangchow-Ningpo Railways and the Tientsin-Pukow Railway have been practising it to the full and with favorable result too but the Pinghan, Kiao-tsi and Liao-ning railways have been doing it gradually and therefore partially on account of the evils of inertia and objections from the transportation companies and the business bodies as well mostly due to the increase of railway rates and thereby loss to the few. But in the long run the rates would prove lower because formerly the transportation companies charged different exorbitant rates to different bidders and gave no insurance against the risk of the goods during transit and thus the goods with little prospect for profit but necessary to the life of the people would not be very accessible to the market. The practice of this policy would socialize the functions of the railway and would increase the sum total of human enjoyment in life thus increasing the comsumption of products and lowering the prices of the commodities at the same time. For the securing of a scientific administration of this railway risk and for the maintenance of the same the national railways have started training their staffs to acquaint themselves with the rules and regulations concerning the application of the readjusted rates and to eliminate the possible corruptions therefrom by auditing the accounts, by traffic inspections at the stations and by the supervision of the Ministry of Railways.

The Committee on the Education for the railway staff and laborers has the duty to over-see all the railway schools in the following ways, namely, to look over the policy, the equipment, the discipline, method of teaching, finance and the activities of the school. It also has the power to provide additional schools for certain railways when they discover the need for them. At the present time most leading railways have these types of schools and self-educating agencies established under the following conditions, namely, High schools, Elementary Technical Schools, Railway People's school with one year school session. The Character-Study Schools with half-year school session, Teachers Training schools of three months duration with a limited attendance of sixty men at a time, and reading rooms, libraries, branch libraries and recreation grounds. I shall leave the Railway Police Topic undiscussed this time for it will be a sufficiently long story for an independent paper.

There is nothing new in this Railway Property Department but it is merely a centralization of control of railway properties into the hands of the Ministry for a better triple purpose—investment, custody and statistics. Thus it has such functions as the disposition of railway properties, the selling and buying of railway land, collection and payment of land rentals, improvement of railway land, initiation and control of such railway subsidiary works as operation of mines, reforestation, hotels, warehouses and so on, the registration and investment and investigation of railway properties and the custody of intangible properties like loan agreements, shares, bonds, documentary deeds and papers and other commercial papers of like nature.

Through Traffic with Japan Suspended

The Railway Through Traffic Administration was established under the Ministry of Communications in 1913 and later it took up both the domestic and foreign through traffics. On account of the present Manchurian situation the foreign through traffic connections with Japan have been suspended. It has proved itself to be very serviceable and profitable in both commercial and communicational ways, to wit the record income per month for September, 1931 from the domestic passenger through traffic alone amounts to over $505,000.00, and the receipts from the parcel through traffic per month came as high as $140,000.00. Now the Railway Through Traffic Administration has done these specific things, namely, to improve the through traffic accommodations, to increase the rate of speed, viz., to reduce the forty and a half hours speed from Pukow to Peiping to thirty hours, from 8 to 5 hours from Nanking to Shanghai and etc. and yet soon to be carried out, to revise the through traffic rates and to do such publicity works as the publication of an English Handbook on Placces of Interest in China, the National Guide Book in Chinese, Abridged Through Time Tables, Through Goods Rates Book with Special Rates Tables and the Compilation of Fares, Time Schedules and Mileage Tables for the restoration and improvement in the following types of through traffic, namely, through passenger traffic, through goods traffic, through parcel traffic and through luggage traffic. On account of the shortage of wagons and locomotives due to the Chino-Japan war in Shanghai the through goods traffic has not been fully restored but an appreciable amount of through goods traffic has been going on the Peiping-Tientsin-Pukow-Pinghan-Pingsui lines, Tientsin-Pukow-Lunghai-Pinghan and Tao-Ching lines, Tientsin-Pukow-Kiaotsi lines and Pinghan-Pingsui lines. Further plans are being made for the continuation of through traffic on the Pei-ning railway as far as feasible and for co-operation railway through traffic and the waterway through traffic facilities.

There has been some very slow but continuous increase in the railway mileage in China during the past

ten years in spite of the incessant civil wars raging intermittently in China. In 1923 there were 7,274 miles of railway in China but in October of 1931 there was an increase of 1,108 miles of railway, thus totalling 8,382 miles consisting mostly of new railways in Manchuria, in Peiping-Liaoning railway, the Lunghai and Canton-Hankow railways.

Hugeness of the Railway Indebtedness

I shall point out two glaring mal-administrations of railways in China in the discussion of the railway indebtedness, namely, the military rule of railways and the tendency toward a gradual increase in over-staffing the railway administrations to wit military appointees to head Pinghan, Tsin-Pu, Pingsui, Pe-ning and Kiao-tsi lines to say nothing about the directorships of the smaller railways and other incidental military interferences; in 1930 the total expenditures of 14 national railways being $92,378,647.34 out of their total receipts of $138,683,060.62 while in 1931 the total expenditures of the same number of railways being $102,890,860.40 out of their total income of $158,205,436.57.

Now let us look at the railway debt problem in the light of statistics which supposedly do not lie. The railway debt of China ending 1931 amounts to $1,353,-684,547.00 and let us suppose an arbitrary rate of interest on it, say, 6 per cent per year and thus the annual amount of interest charge would be $81,221,067.42 while the total annual gross earnings of the 14 railways being $55,314,576.17 thus leaving a deficit of $25,906,491.25 to make up the payment of the required interest charge while saying nothing about the payment of principals. This exposes the naked fact that under the present circumstances and conditions in China there is absolutely no hope for China to repay her railway debt and its interest thereon.

How the Railways Subsidize the Warlords

The leading railways subsidize the various warlords in China, the amounts ranging as follows: Pinghan railway $100,000 per month, Tientsin-Pukow Railway $70,000, Lunghai $30,000; while the Pei-ning railway and the Pingsui line subsidize with $150,000 and $50,000 per month respectively the armies of Marshal Chang Hsueh-liang. Thus the total railway subsidy to military men for the year comes to $4,800,000. I am not complaining of the size of the railway subsidy given to the cause of actual soldiery because I advocate that China should be armed to the teeth in the name of "armed peace" at any price in view of the present-day world armament situations. If the soldiers in China were not given to understand that their supreme duty is to defend the country in time of peace as well as in time of war they would be more alarmed than hurt when any echo of war-cry is heard and thus our Country is spending millions upon millions of dollars per year for furthering that pathological social cause of pauperism instead of fostering and promoting their sacred sense of duty towards upholding the honor of the State when the call of patriotism has been clamoring loud and long and it is about to exhaust its last limit of strength. Patriotism in its last analysis is self-preservation which is an instinct. There can be no reason and prudence in any instinctive reactions and to argue over it would be against the law of nature which means death of the most shameful kind. I hope that our Government will either annihilate our soldiers in order to make it a perfectly genuine Utopia instead of making it a monster-like one as it exists to-day because China has been so cornered up by the foreign aggressions that she had to put up a stand either as a coward or as as a man.

With reference to railway debt I shall further cite a few typical individual railways to demonstrate the seriousness of the situation. The Tientsin-Pukow Railway has the largest debt among all of our national railways $231,905,327—ending 1931—but in the same year the same railway had a gross earning of $6,916,161.49. Thus after deducting the fixed charges and other such miscellaneous charges as remittances to military budget of as much as $2,100,000 for the year it became as much as $11,546,488.87 in deficit. In 1930 only the Pei-ning railway came out with a small surplus of $751,069.05 out of gross earning—$16,683,097.58 for the year, while the Kiaotsi Railway only came out even with a gross earning of $4,331,617.55. How are they going to meet their respective debts—$25,476,029 and $56,325,136 ending 1931?

It looks hopeful that our civil wars and military interferences did not affect adversely uniformly all the national railways. For example the record income of both the Pe-ning and the Nanking-Shanghai Railways came in last year at these respective figure—42,758,750.15 and $15,041,109.80 while the Pinghan Line sustained a loss of traffic of $11,737,368.55 when compared with its best year in 1923 with an income of $42,758,750.15. Besides it is reported that the Mukden generals have still detained about 3,400 wagons and two to three hundred locomotives of other national railways as their war spoils from the civil wars, which have been left within the Great Wall to rust in spite of the numerous and persistent petitions submitted to them by both the Ministry of Railways, supposedly the supreme controller of all the government railways in China and by all the railways concerned and of the fact that different railways are spending millions upon millions of dollars for the purchase of wagons and locomotives. What a brutal waste and what an impossible treason!

In accordance with the present methods of refunding the railway debts to set 5%, 10% and about $1,500,000 respectively of their annual incomes for the repayment of debts by the Nanking-Shanghai, Shanghai-Hangchow-Ningpo and Tientsin-Pukow Railways respectively it shows that such amounts as $752,055,54, $73,868 and $1,500,000 against their respective annual incomes—$15,041,109.80, $27,386,844.04 and against their respective debts—54,533,-176, $10,130,677 and $231,905,327 ending 1931 they can only pay their required interest charges in such approximate proportions as ¼, ½ and one-seventh. Of course the annual incomes of the above railways may get to be so much larger in the following year but the principals plus the compound interest charges on the same get larger and larger as the years go by and the interest-paying capacity would be getting smaller if the said railways continue to go on their old methods of refunding. So this method of refunding is like a man having fallen into a mud pond, the harder he struggles to get out the deeper he goes into it. In my humble judgement the solution would be simple and at hand if the Government could resolve to do it under any circumstances by immediate adoption of such aggressive measures as the retrenchment of expenditure, elimination of military interferences, independence of railway funds from other uses, leaving them solely for the railways by virtue of the following ways, namely, establishment of railway banks for the wise and profitable investment of railway funds, operation of mines and hotels and to undertake other subsidiary enterprises like reforestation and real estate business and insurance and other possible works and to calculate to make the profit therefrom so big as to nearly cover all the running expenses of the railways, thus leaving the railways' incomes intact for the repayment of the railway indebtedness. I think that those things had to be done and to be done immediately because China needs more loans from the foreign countries for the building of new railways but China would not be able to get any unless she can make a satisfactory arrangement and guarantee for the repayment of old loans. There is nothing novel in those schemes but current practices of foreign railways in foreign countries viz., just to mention the two major subidiary enterprises—Yamato Hotel and the Fushun mines of the South Manchuria Railway. "To broadcast the merit and to hide the demerit of people is a mark of a perfect gentleman" so I shall not discuss any of the corrupt practices current in the administration of the railways in China this time, but I may like to be a psuedo-gentleman next time for the good of the country when I decide to write a special paper on the defects of the railway administration in China.

I feel quite certain that under the present railway exigencies—imperative need for more new railways in China and the physical and financial near-bankruptcy of the old ones—it is about time for those undesirable elements in both the civilian and military ranks of the National Government personnel to see and to realize the seriousness of the railway situations in their own country today and to resolve to put their heads together outright to devise some ways and means for the freedom of the railways from the military domination and from politicians who use railways as their most dependable personal source of political spoils because I definitely know that "the round pegs cannot be put into the square holes" and that "men do not live on bread alone". So let me pathetically plead that our men in power "do not kill the goose that lays the golden eggs".

Nanking, December 3, 1932.

League Assembly Discusses Sino-Japanese Issue at Great Length---Does Nothing!

The League Assembly at its session in Geneva Dec. 9 adopted a resolution requesting that a Special Committee be established to (1) Study the report of the Commission of Inquiry and the observations of parties and the opinions and suggestions expressed by the Assembly in whatever form they were submitted; (2) Draw up proposals with a view to a settlement on the dispute brought before it under the Council resolution of February 19, 1932; (3) To submit these proposals to the Assembly at the earliest possible moment.

The League's policy seems to be to take the line of least resistance in handling the Sino-Japanese dispute. The Committee of Nineteen on Dec 12 passed a resolution suggesting that the League's Assembly invite the United States and the Soviet Union to take part in the negotiations for a settlement of the conflict. The indications were that America would press for an expression of principle by the League before consenting to co-operate.

The following is a summary of the principal speeches delivered at the meetings of the League Assembly last week. It will be noted that there is practical unanimity of views expressed by the small nations on all essential points.

Lord Lytton spoke at a dinner given by the League of Nations Union in London December 6, members of the Japanese Embassy and the Chinese Legation being present. He expressed the opinion that if a disposition had been shown to accept the Report on behalf of the two parties as a starting point for new negotiations, the Council would have welcomed such an indication and would have passed on the Report to the Assembly with a recommendation that the negotiations should be started: but there were some crumbs of comfort, as the result of which the Assembly had met in a spirit of hopeful expectation. Lord Lytton, continuing said there were only two things the League asked from Japan: firstly, that she should repose sufficient confidence in the League to be sure that the League would never ask her to surrender any of the interests she regarded as vital; and, secondly, to show her willingness to make her vital interests conform with interests no less vital to other countries.

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Senor Madriaga (Spain), the first speaker at the session of the League of Nations Assembly at Geneva on Dec. 7, said the Sino-Japanese conflict, was a complicated, delicate matter. There were acts of omission and commission on both sides, but the gravest concern of the League was concerning the dissensions between itself and the Japanese Government. Therefore the question was painful but it was necessary that it should be debated. He paid a tribute to his Japanese friends, whose exquisite courtesy had always facilitated discussion of even the thorniest questions.

The League, the Spanish representative continued, had proceeded slowly, wisely and patiently although realising the gravity of the problem and knowing that delay was unfair because it would favor immediate force and permit a fait accompli to be sown, ripened and harvested. "I have personally endeavored to be conciliatory," he continued, and to have an understanding of the Japanese and therefore I have listened with some bitterness to the remark made by Mr. Matsuoka that the Japanese Government had not submitted the conflict to our jurisdiction "owing to the delays of precedure of the League of Nations."

"Our task is not only to put a stop to hostilities and to find a solution but also to re-establish the authority and proclaim the principles of the League in attempting conciliation. For this the Lytton Report is helpful and the Spanish Government is in entire agreement with its observations and conclusions. We cannot allow a Chinese Manchuria to become a Japanese Manchuria, because that would indicate that the Covenant of the League had lost all value, especially Articles Ten and Twelve."

M. Motta (Switzerland), declared that the object of the Council, in referring the matter to the Assembly was to allow all members freely to express their views on the conflict and the Lytton Report. The latter, he said, was a remarkable document and a credit both to the author and the League. M. Motta suggested that the Committee of Nineteen should be instructed to introduce and supervise a conciliatory procedure, and he said he trusted that this would prove successful so as to avoid the need for the application of paragraph four of Article XV.

M. Politis, the Greek delegate, said the League had already settled the trouble in Shanghai, which, he remarked scored high for the League, now there was only the question of solving the Manchurian issue which was a much more difficult task.

M. Politis paid a tribute to the Lytton Report as a document which afforded light on the situation and thus was a means of finding an eventual outlet. He said that the chief question before the Assembly was the question of legitimate defence. This was a right belonging to every State and, when menaced, immediate measures for its protection should be taken. He then argued the case from the stand-point of international law, of which he is a most brilliant exponent.

The Lytton Report, M. Politis said, was very clear on this point, and unless the Japanese produced arguments to upset the testimony then the Lytton Report must govern the findings of the Assembly. In the present dispute Japan had undoubtedly suffered provocation, M. Politis concluded, such as unilateral denunciation of Treaties, boycott, anti-Japanese discrimination, etcetera, but was the danger so real and so imminent that Japan could dispense with an appeal for League intervention?

Senator Connolly, on behalf of the Irish Free State, expressed the opinion that in the suggestion of the Lytton Commission for the formation of a local gendarmerie force in Manchuria might be found the basis for an ultimate settlement. Japan must consider what persistence in her present attitude might mean to her. It would be regrettable if it was difficult to convince the people of Japan what her refusal to live up to the terms of the Covenant would mean in the loss of goodwill and trade relationship, but that in no way diminished the responsibility of the Assembly to uphold, at all costs, the terms under which the Covenant must be applied.

Upholds the Lytton Report

The Irish Free State was entirely opposed to the idea of Imperial expansion or the exploitation of peoples. "I feel that the Assembly should definitely accept the Lytton Report," said Senator Connolly, "and I have no hesitation in accepting it on behalf of my government. So far as the Irish Free State is concerned, we intend to follow the advice of the Lytton Commission by refusing to recognise a State established under the conditions which have operated in Manchuria. Having definitely made that declaration, we are willing to lend what aid we can in trying to find a solution on the basis of the Report."

Dr. Benes, the Czecho-Slovakian delegate, referred to the gravity of the situation, saying it was the first time since the foundation of the League that the Assembly had been called upon to act under Article XV of the Covenant. It was, he said, a question for a final, definitive decision that would possibly necessitate the application of measures of sanction. The question was one of world importance, concerned a country the size of France and Germany combined and involved two countries the number of whose inhabitants exceeded the rest of the inhabitants of the globe.

"I am in favor of adoption of the Lytton Report, which is a precious, serious and most impartial document. The Lytton Report makes clear that the military operations in Shanghai and Manchuria cannot be considered in the nature of legitimate defence. This denotes that the territory of one Power member of the League has been violated and that the Covenant of the League has not been respected. No other conclusion is possible in the circumstances: "There is another aspect of the question: if the question of legitimate defence arose, it was because there were hostile acts on the other side. According to the Lytton Report and the statements of the two parties, there were two categories of acts of this nature,

namely, xenophobe propaganda extending even to schools and especially the boycott, which was systematised, organised and even encouraged, apparently officially. Such acts must be condemned, but the League must act firmly if a member of the League takes the law into its own hands, especially by proceeding with widespread military operations upon the territory of another member of the League."

"Before proceeding to take action under Paragraph IV of Article XV," Dr. Benes continued, "we appeal to the two parties not to create a situation which will necessitate our acting as judges. We appeal to Japan, whose glorious history entitles her to a place among the first nations of the world, whose national pride and dignity have produced miracles in all phases of her social life and whose vigor and virility are evidence that the country is full of future success and prosperity; and we appeal to China whose ancient civilisation today is the source of inspiration to the most modern and advanced nations to reach a settlement of conflict by sincere, loyal and friendly conciliation.

"Should this course fail despite our assistance, the League's task will be to take decisions. It must have the courage to act without reserve, without hesitation and with firmness, justice and dignity: the Assembly cannot afford to act with equivocation where the question of principles is involved. It may not be possible to reach an immediate and definitive settlement, but there must be no doubt of the convictions of the Assembly."

M. Unden (Sweden) declared that the relations between Japan and China were veiled warfare. The duty of the Assembly, he said, was to decide whether the violation of treaties was a case of legitimate defence. The reply had been given in the Lytton Report. It had been the Japanese argument that the situation had been altered by the formation of an independent State, but on the other hand the Lytton Report showed that it had only been consituted thanks to the presence of Japanese troops.

Japan Violated China's Territorial Integrity

The Assembly, he continued, must base its decisions upon the observations of the Lytton Commission. By the resolution of March 11 the Assembly had expressed the view that the military operations upon Manchurian territory violated the territorial integrity of one of the members of the League. Consequently recognition of Manchukuo would constitute violation of Article X of the Covenant.

M. Lange (Norway), said that the Assembly had agreed to prolong the delay owing to the exceptional circumstances of the dispute. He paid a tribute to the Lytton Commission for the authority and impartiality of their report and expressed the feeling the Assembly could not do better than adopt the views of the Commission. The Norwegian delegate said he was opposed to any country taking the law into its own hands. It was obvious, he said, that the countries with major interests in the Far East would wish to participate in the League's efforts, which would not be confined to an enunciation of views and an explanation of laws, but would seek methods for a solution. China needed Japan and Japan needed China. She may have had cause for complaint, but it should not be impossible to find a settlement which would reconcile the interests of both parties in Manchuria.

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Quo Tai-chi Says Manchukou Is a "Fake"

Quo Tai-chi, Chinese Minister in London and one of the Chinese delegates at Geneva, began his speech by reiterating the Chinese position that boycott and armed Volunteer activities were measures of legitimate self-defence and would be continued. He declared that the Nationalist government was stable and that its power was growing. He cited repeated declarations of the Lytton Report regarding this fact. He stressed China's growing strength both of administration and resistance, as against Japan's colossal budgets, growing deficits and the increasing distress of her population and disorganisation in administration.

He reiterated China's consistent refusal to have direct negotiations with Japan, but announced her readiness to concur with suggestions such as Sir John Simon's for a conference within the League which would include the United States and Russia, such a conference to be based on the resolution of March 11, 1932, and paragraph three, chapter 9 of the Lytton Report, which insists that any agreement must be within the provisions of the League Covenant, the Paris Pact and the Nine-Power Treaty.

Mr. Quo declared that the Japanese so-called state of Manchukuo was a fake and an affront to the nations of the world. He said that Mr. Matsuoka had raised a fundamental issue when he had asked whether any member of the League was ready to stand by the League in imposing a settlement. He said that the English action in Shanghai had some justification because the large-scale military operations which were taking place might have threatened the foreign settlement. There was no such justification for the Japanese, nor were there aerial bombings and promiscuous bombardments from the British. He reiterated that the Japanese adventure in China had nothing in common with the British action.

Stressing China's powers of resistance, he said that boycott and armed resistance would not be diminished. The Volunteers were determined to fight to the end, and China had far greater staying power than Japan, which was overburdened with taxation and military expenditure.

In arguing that the boycott was an absolutely legitimate measure of defence, Mr. Quo recalled that a group of highly responsible citizens of the United States formally proposed last winter to join in China's boycott measures against Japan. He also recalled that prior to September 18, 1931, when Japan complained of "serious international wrongs," the Chinese government offered to arbitrate and to allow the League or other arbitral tribunals to judge the issues. Japan refused and had recourse to war.

The methods of the League were not carried out by Japan but China employed them by every means in her power. Despite invasion, such as been seldom seen in the history of our times, China stood by the obligations of the Covenant and the Pact of Paris, and loyally carried out every injunction of the Council to do nothing to aggravate the dispute.

All future action of the Assembly, Mr. Quo said, should be founded on and rigidly limited by scrupulous respect for the principles laid down by the Assembly resolution of March 11. An indispensable condition, he continued, before the commencement of negotiations was that all occupation by Japanese forces should be ended.

Summarising the Chinese attitude, Quo Tai-chi declared that China was ready to enter negotiations for a settlement. The negotiations should be collective and should be conducted by the Committee of Nineteen. They should be preceded by the adoption by the Assembly of a resolution pledging the members of the League not to recognise Manchukuo or enter into relations with that state. They should be begun on the basis of and limited by the resolution of March 11 and the principles in chapter 9 of the Lytton Report.

The Assembly should make the Lytton Commission's verdict its own and so declare that since the maintenance of Manchukuo was inconsistent with international obligations it would never be recognised by any member of the League, who would further refuse to enter into relations with that State. Without such a declaration, concluded Quo Tai-chi, it would be impossible to begin any fruitful negotiations.

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Mr. Matsuoka's Injured Tone

Y. Matsuoka, the chief Japanese delegate, said it was altogether unfair of the previous speakers to take isolated portions of the Lytton Report as the basis of arguments against Japan, without referring to them with their context. It was most unfair to bring charges against Japan and then tell her to prove that she was not guilty. The speeches of the preceding delegates had been full of misrepresentations. He made a reservation regarding statements made in Mr. Quo's speech dealing with conditions in Japan. Japan was equally suffering from the world crisis with the other Powers.

Mr. Matsuoka admitted that there were Japanese militarists, but said that there was no military caste in Japan to-day. He cited cases of great generals, including the late Baron Tanaka, one-time Premier, who had come of the humblest origins.

Most of the points raised by the various speakers had been answered in advance. He would therefore like the Assembly to study the Japanese observations. Mr. Matsuoka then went on to say that the United States had sent troops to Nicaragua to protect the lives and property of American citizens. The very fact, that the commissioners had found "unanimity in disagreement" he said, or "disagreement in unanimity" proved that they had been conscientious, but the very contradictory nature of the report made it impossible for Japan to accept it at all.

Referring to the remarks made by the Italian delegate, Baron Aloisi, regarding the elasticity of the Covenant, Mr. Matsuoka said he wholly agreed with this point and if it were not borne in mind, any action by the League would be contrary to the principles of the League.

Mr. Matsuoka stressed the absence of Soviet Russia from the League, arguing that the League must therefore be elastic and not behave as if it had Russia, the United States and all other powers within its membership. Several speakers had called the League the life-line of their existence: Japan referred to Manchuria as her life-line. When those speakers referred to the League as their own life-line, they were speaking of their own self interests.

Referring to Manchukuo, Mr. Matsuoka said that the healthy development of the new state would continue and eventually it would form the corner-stone of peace in the Far East. The Assembly ought to know the facts regarding Manchukuo. There were present in Geneva three gentlemen connected with Manchukuo, including A. H. F. Edwardes, formerly Inspector-General of the Chinese Maritime Customs, who had accepted a position as advisor to Manchukuo.

"The whole of the Japanese people," said Mr. Matsuoka, "had sunk their differences and rallied behind us when we acted, as we had to act, in Manchuria. The whole of our sixty-five million people were solid in supporting this action. Can you suggest that all these people were mad? The suggestion is absurd! The reason all were united is because they regard the question as one involving the whole existence of Japan—the very life or death of the Japanese nation."

Mr. Matsuoka then asserted that Japan was prepared to withstand even the severest sanctions under the League Covenant. China had violated the Treaty of Tientsin and had set about increasing her influence in Korea. The greatest cause of the Russo-Japanese war was a secret alliance between China and Russia against Japan. Would there have been a China to-day if Japan had not waged a successful war against Russia? "We saved China then," he said, "and we saved the Republic of China when its leaders took refuge in Japan."

"Suppose we accept and withdraw from Manchuria," he continued. "First we have got to decide whose troops will restore order. Probably the Chinese will claim the right under sovereignty, but the troops of which general? Those of Chang Hsueh-liang or any other general? But the Lytton Report said that the *status quo ante* could not be restored."

A Comparison with Christ

"We know there are many Chinese in China who want an understanding with Japan, but they cannot show their feelings lest they be attacked and killed. Some people in Europe and America say that world opinion is against Japan, that Japan is defying world feeling. We know that growing opinion is in our favor, but supposing that world opinion is against us: was not Jesus of Nazareth crucified by world opinion two milleniums ago? If Japan were crucified to-day, soon opinion would turn in our favor.

"Sovietism is flourishing in the heart of China to-day, over an area four times the size of Japan. Once Japan's position is weakened, that Sovietism will extend to the mouth of the Yangtse and cover the greater part of China."

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An Implied Threat from Japan

The Sino-Japanese dispute entered a new phase on the morning of Dec. 8 when two resolutions, both submitted by groups of small States (Irish Free State, Spain, Czecho-Slovakia and Sweden) called upon the Assembly of the League of Nations to condemn Japan for violation of material treaties and, with the assistance of American and Soviet delegates, to devise conciliatory machinery. Y. Matsuoka, the Japanese delegate, met the challenge by declaring that unless the resolution submitted by the Irish Free State, Spain, Czecho-Slovakia and Sweden was withdrawn, he would ask the President immediately to put it to the vote. If the resolution was adopted, he said he feared that it would have consequences which the authors had not foreseen. The framers of the resolution thereupon immediately withdrew for private consultations. The implied Japanese threat obviously is that Japan would withdraw from the League if the resolution was adopted.

Husni Bey (Turkey) said that since the earliest times the Turkish people had been on the friendliest terms with China and Japan, towards whom they felt the strongest sympathy. He greatly regretted the conflict between these two countries, and said that he would state the attitude of Turkey both in regard to the question of the pact and the question of peace without prejudging in any way the dispute.

The present *status quo*, he continued, contained much which it was necessary to change in the interest of peace, but the changes should be operated in a calm and peaceful atmosphere, after the problems had been thoroughly considered. Therefore it was desirable that the Assembly should affirm, resolutely and clearly, its attachment to the League Covenant and the consequent responsibilities.

The work of the Assembly, Husni Bey added, had been greatly facilitated by the Lytton Report which, while envisaging the complexity of the problem, had not overlooked the realities of the situation. The Assembly must find means of terminating, at the earliest possible moment, the present conflict in accordance with the terms of the Covenant, and he said he had grounds for belief that a conciliation procedure in conformity with paragraph three of Article XV would be introduced.

In a lengthy speech Sir John Simon, the British Foreign Secretary, suggested the desirability of inviting the United States and Soviet Russia to share the work of the Committee of 19 in the task of conciliation. Baron von Neurath, the German Foreign Minister, supported this suggestion.

CHINESE PRESS COMMENT ON SIR JOHN SIMON'S SPEECH

The speech made by Sir John Simon, British Secretary for Foreign Affairs, before the League Assembly has created a most unfavorable reaction in the local Chinese press, according to a survey made by the *Kuo Min* News Agency. In taking strong exception to the unfair attitude of the British spokesman, the vernacular papers are unanimous in the view that the speech has dealt a severe blow not only to the prestige of the League of Nations but also to Sino-British relations which have been of the friendliest nature during recent years.

In an editorial the *China Times*, liberal Chinese daily, pointed out that though ostensibly based upon the Lytton Report, the speech represented a most unfair distortion of that document. "One could hardly imagine that such a statement could have emanated from the lips of any other person than a subsidized agent of Tokyo," the journal declares.

The journal then proceeds with a refutation of the speech point by point.

In the first place, instead of saying that the Lytton Report has brought out Japan's responsibility for the Manchurian events, Sir John declared that the Report has brought out the so-called complicated character of the Manchurian problem. This, in itself, attests to the partisan attitude of the British statesman, the journal claims.

In answering the charge that Japan had resorted to the use of force without first exhausting the opportunities of conciliation provided by the League Covenant, Sir John pleaded, on behalf of Japan, that the Manchurian incident was "not such a case." And in defending Japan's violation of China's territorial integrity by means of armed force, Sir John put up the plea that "many features in Manchuria were without an exact parallel in other parts of the world."

"We do not understand that Sir John meant when he said that 'this was not a case in which one country had declared war on another without previously exhaust-

ing the opportunities of conciliation provided by the League Covenant.' Had Japan exhausted such opportunities or did he mean that Japan could not have availed herself of such opportunities?" the journal asks.

"We are also at a loss to understand what Sir John meant when he said that 'many features in Manchuria were without an exact parallel in other parts of the world.' Did such features exist at the time when the League Covenant, and the Nine-Power Treaty, were signed? If he had in mind the special features which have come into existence since September 18, 1931, then obviously Japan must be held responsible. And if he had in mind the so-called special features which had been existent prior to the events of September 18, 1931, then why was it that the League Covenant and the Nine-Power Treaty did not make an exception of Manchuria? Why should Manchuria be excluded now from the application of these two international treaties, if the signatories thereof were fully cognizant of the so-called special features of Manchuria?"

Again, Sir John declared that 'since the present conflict arose out of conditions prevailing before Sept., last year, to restore the *status quo ante* would be merely inviting a repetition of the trouble.' Taking particular exception to this statement, the journal says, "In the view of Sir John, it would appear as if the conditions prevailing before September last year were the *inevitable* cause of the complications subsequent to that time. If this were so, then the action of Japan in resorting to the use of force would have been perfectly justifiable, as it was inevitable and unavoidable. No statesman except the Japanese spokesman has yet made such an outrageous statement ever since the outbreak of the crisis."

With reference to Sir John's statement that the League must concern itself with realities and not with theories, the journal says: "May we ask Sir John whether the League Covenant, the Anti-War Pact and the Nine-Power Treaty are in themselves realities or so-called theories. Were they brought into being for practical purposes or merely for theoretical reasons?"

Regarding Sir John's statement that if direct negotiations give promise of good results, 'then we should encourage them with every means in our power,' the journal declares that if the sole business of the League were merely to encourage direct negotiations, then the League Covenant might just as well be treated as a scrap of paper. It emphasizes that so long as the League itself is not dissolved and so long as China remains a member thereof, she will always insist upon her right to demand of the League a settlement of international disputes in accordance with the League Covenant.

The journal concludes by calling attention to the incalculable damage which that untactful and unfair statement of a responsible spokesman of the British Government will cause to the prestige of the League, Sino-British relations and the peace of the world.

Japanese Cigarette Cases With Fac-Simile of U. S. Banknotes

Twenty-four Japanese made cigarette cases were seized at Los Angeles end of November because they were asserted to bear a likeness to bank notes of the Federal Reserve Board. The Japanese importer and consignee cleared himself of criminal intent who had no knowledge of the law against the use of the design of American bank notes for mercantile purposes. The imitation displayed numerous errors in lettering but it is said that the signatures of the Secretary of the Treasury and others were perfect copies.

Rewards for Japanese Soldiers Killed in Shanghai

Rewards to be granted to the 644 Japanese soldiers, including Brig. Gen. Hayashi, who had been killed in the Shanghai fighting, are being considered by the Board of Decorations in the Cabinet, a recent Tokyo telegram stated. A special war-medal has also been made, which will be presented to all those who rendered meritorious services in the Shanghai and Manchurian Incidents, soldiers and civilians alike. The awards are expected to total more than Yen 100,000.

Some Side-Lights on the Barga-Question

BY JOHN KUNST, PH. D.

THE fighting on November 10 and 11 near the Nonni bridgehead of Fuliaerdi occasioned uncommonly severe losses to the Japanese and Manchukuo troops, but notwithstanding, this only resulted in pushing back the Barga forces to the second station west of Fuliaerdi. Both in this combat and in those preceding it by about a month, the extraordinarily good fighting of the "mutineers" was much commented upon. There was also much speculation in the Harbin papers regarding the source of the 6-inch howitzers used in considerable numbers by the Barga forces, although it was known that General Su Ping-wen's new mutinous railway guards had thus far only had 3-inch field-pieces. Certain circles eagerly pointed out in detail, that the 6-inch howitzers could not come from the "white" Russian general Vershbitzky, because on his being forced into the Chinese Barga territory in 1920 he had surrendered only five or six such guns. The gist of the whole discussion was that both the men fighting so surprisingly well and the unaccounted-for six-inch howitzers ought to be of Soviet origin.

Both facts would seem to be satisfactorily explained however, by the presence in the Barga forces of great numbers of Hartchin Mongols, of which I learned during a three months' trip through Barga and a stay at Hailar last summer. I did not learn the exact number of Hartchin Mongols among General Su's troops, but everybody said they were very numerous. The Hartchin Mongols have little in common with the Mongol and other nomads of the Barga, by whom, on the contrary, the few civilians of their tribe living at Hailar and among the Solons (of ill repute as inveterate horse-thieves) are universally detested as professional robbers, thieves, and helpers of such.

They hail instead from Jehol, where they form three principalities in the southeastern most tip of that province which just touches the outer side of the Great Wall some 30 to 40 miles northwest of Shanhaikwan. A fourth principality of their named Aru Hartchin (Northern Hartchin) is situated farther north, but still within Jehol province.

The Hartchin Brigands

During the World-War, a large body of their warriors went north under an ambitious leader named Babu Jab. He fought many other Mongol tribes, and in order to win the support of Czarist Russia for his far-reaching plans of conquest, he treacherously murdered the expedition of Count Pappenheim and his ten German and Austrian officers, who intended to blow up probably just that same Nonni bridge near Fuliaerdi which was so much fought about last October and November. After Babu Jab had met his death by a stray bullet following a successful fight with Chinese troops, his masterless soldiery carried on a wholesale plundering of the southern half of Barga, not sparing even the Lama Monasteries, and burning old Jangin Sumo, the resting-place of Barga's celebrated national hero Jangin (*i.e.* The Leader). A flying column of Hartchin cavalry and artillery even attacked the then Russian garrison of Hailar for not having paid the money reward promised for the murder of Pappenheim, and was only beaten off after a violent artillery duel across the town. (The guns used on this occasion by the Hartchins had been given them by the Japanese, according to the public opinion of Hailar at the time). The whole non-Chinese Barga population, the Mongol Barguts, Chipchins, and Olti together with the Tunghuz Solons and the sedentary Dagurs finally rose in arms against the Hartchin brigands, and there seems to have been some severe fighting, which we still hear referred to with bitterness sometimes.

But in connection with the present Barga situation the most notable fact in the chequered history of this modern Far-Eastern counterpart of Europe's mediaeval Armagnacs and Navarrese Adventurers consists in that they formed an entire regiment of heavy field-artillery under the well-known Baron Ungern-Sternberg. It was commanded, and excellently trained, by a former Austrian officer named Alexander Alexandrowicz, who is at present a lieutenant-colonel of the Polish army at Vilna, Poland. His brother-in-law and an old acquaintance of mine, lives at present in Harbin, and has seen the regiment himself frequently. When the question of the source of the 6-inch howitzers used by the Barga troops at Fuliaerdi was

being hotly discussed, I remembered having heard more than once in Barga that after Ungern-Sternberg's downfall many of his soldiers had entered Barga and concealed great quantities of guns, ammunitions rifles, etc., in the dunes of the lonely steppes. So I asked my friend with what sort of guns the Hartchin regiment of his brother-in-law had been armed, and he answered unhesitatingly: "They were 6-inch howitzers, and there were 24 (twenty-four!) of them."

Very probably, among the Hartchin soldiers of Su Ping-wen there are not a few of Ungern-Sternberg's old *landsknechts*, for the simple reason that it was hard for them to find any other service, and in the present emergency they may well have been induced to reveal the hiding-places of their old guns. Strange to say, the Harbin press is still speculating regarding the origin of the Mongols reported among the Barga troops fighting now near Suliaerdi, and this can only be explained by the circumstance that Harbin at present is completely cut off from Hailar, for there the presence of the Hartchins is universally known.

The old Barga population is outnumbered by the Chinese railway guards, who are reported to be at least 8,000 strong, all modernly armed and possessing a considerable artillery, and who can draw considerable numbers of recruits from the Chinese residents of the railway zone. In comparison with this, the original inhabitants of Barga, *i. e.* the Dagurs (only three villages), the Solons, and the Mongolian Barguts, Chipchins, and Olti all combined, under the old Manchurian "banner" system, which was in force up to 1911, only furnished just 50 squadrons ("somuns") of 50 horsemen each, or altogether 2,500 men. Undoubtedly, this does not comprise their whole man-power, for the number of the somuns has never been changed since their establishment just 200 years ago, when Barga was settled by its present non-Chinese inhabitants. The natural increase of the Mongols being inconsiderable, however, the number of able-bodied men is probably not much in excess of 2,500. At any rate, such as there are have had no military training since 1911; they have no artillery at all, and probably are but poorly provided with modern rifles, for even in the hands of their only insignificant bodies of standing troops, *i. e.* of the guards of the Mongol Yamen at Hailar, of the Chinese settlement near famous Gandshur Monastery, etc., I saw only single-loading Berdan rifles of the last-but-one Russian army pattern.

The Trek of the Buryats

After the Russian revolution, about 500 families of Buryats, of one nation with the Barguts and Chipchin, and 150 families of nomad Tunghuz, akin to the Solons, have immigrated with their herds from Russian territory, and been given grazing grounds with the insignificant Olti on the Chinho River, where they are organized exactly in the fashion of the old bannermen, elect their own authorities, and are endowed with all the rights and duties of the original inhabitants. Their old and middle-aged men have mostly had a good military training with the Transbaikal Cossacks, but the young generation goes without any training and the combined man-power of these Buryats and Tungnuz probably falls considerably short of one thousand. The one-hundred young Dagurs, Mongols, and Solons of the newly opened Japanese military school at Hailar are only a drop on a hot stone. The frontier guards and customs guards, both of little account numerically, were killed or taken prisoners within the very first hours of the mutiny. In short, the Barga people probably could not muster more than about 4,000 to 5,000 men, partly untrained and poorly armed, against at least 8,000 well-armed Chinese regulars, including a high percentage of the redoubtable Hartchins. They are wise not to attempt any resistance.

The sympathies of the non-Chinese inhabitants of Barga are no doubt on the side of the new Manchukuo, for their interests demand it. From fear of a colonization of their grazing-grounds by Chinese settlers they have, during the last twenty years, several times fought for the independence or at least administrative autonomy (home-rule) of their country, or its incorporation into Outer Mongolia (Halha). Of them, the Dagurs and Solons were sent, in 1732-35, into the then uninhabited Barga by command of the Manchu emperor, and they may have liked their old seats in the Nonni valley just as well or better, but they were of a nation which had voluntarily submitted to the rule of the Manchus, anyway. The other three components of the original population received their grazing-grounds in Barga as gifts to homeless refugees. The Chipchins, also named Old Barguts, because they were the first to arrive, and the Barguts are both parts of the Buryats living around Lake Baikal; they were driven from home in 1624 and the following years, by the zeal of the Russians to convert them to Christianity, and were pretty much buffetted about in Mongolia proper before the grace of the Manchu emperor gave them a haven of rest in Barga. Still longer were the wanderings, and worse the hardships suffered by the Olti, or Eleuts, a small chip of the Kalmuk tribe of that name living in the west of Mongolia. They were even aided by liberal gifts of silver to end their long Odyssey. All the old inhabitants of Barga were organized in the banner-system, therefore were members of the ruling class of the empire and on an equal foo ting with the Manchus themselves.

The desire for a union with Outer Mongolia (Halha), at present a nominally independent Soviet state, was very strong ten years ago and is still fostered by the party of the so-called Young Barguts. A considerable number of sons and daughters of prominent families have gone through Soviet schools at Moscow, and we found the Dagur secretary of the prince acting as governor last summer, who had been educated at Tokyo and spoke a very tolerable English besides excellent Russian, and had a brother who was a people's commissary at Moscow. The old love for Outer Mongolia seems to have considerably cooled down lately, however. The reason for this was first a visit of the Panchen Lama (Living Buddha), which led to a great religious revival and a consequent adherence of the godless bolshevist system. Besides the new red authorities of Outer Mongolia were foolish enough to start a quarrel over a doubtful small piece of territory on the southern boundary, and to have their men arrest travellers, drive off cattle, and fire across the frontier river, so that the Barguts of Doloti last summer had not dared for several years past to avail themselves of their age-old rights to the rich pastures in the river valley. This, of course, has caused much bad blood.

Harbin, Dec. 1, 1932.

Britain Sends Ultimatum to Persia on Oil Dispute

Great Britain on Dec. 8 sent an ultimatum to the Government of Persia demanding the withdrawal of the cancellation of the Anglo-Persian oil concession within a week. The British note declared that unless the cancellation is withdrawn the matter will be taken to the Hague court. The Government in its note said it is unable to admit as valid the unilateral cancellation of the concession, adding that it was a breach of international law.

Authoritative quarters in Teheran were quoted in a *Transocean* message of Dec. 8 as vigorously denying the reports circulating abroad to the effect that the Persian Government's decision to cancel the d'Arcy concession of the Anglo-Persian Oil Company was prompted by Soviet influence. These reports are characterized as highly deplorable because "such a slanderous allegation introduces difficulties into an issue which, it is stated, is susceptible of amicable settlement."

The Soviet government has refused to apologize for articles in the *Izvestia* against the British Foreign Office. The reason given by the Soviet government was that it could not be held responsible for the decisions of an editorial board.

An article in the *Izvestia* charged that the British Foreign Office had instructed its agents to furnish documents, real or bogus, establishing a connection between the Soviet Government and the Communist International.

Recent New York messages stated that powerful American financial interests, headed by J. P. Morgan and Company, are now negotiating with Persia preliminary to undertaking a vast program of commerical and industrial development in that country.

Development of the Soviet Oil Industry

The output of oil in Soviet Russia for the first nine months of this year amounted to 16,570,000 tons. During the whole of 1931 Soviet oil production totalled 22,300,000 tons as compared with 9,200,000 tons in Tzarist Russia in 1913. Enormous sums have been invested in the Soviet oil industry, with the result that both output and refining have greatly increased. Before the revolution the oil refineries of Azerbaidjan had a capacity of less than 3,000,000 tons. Their capacity in 1932 is 11,300,000 tons. The refining plants of the Grozny at region present have a capacity of 8,000,000 tons as against 392,000 tons in 1913.

Complete Study of Japan's Finance and Politics

(From the Review's Tokyo Correspondent)

(Translations from various Japanese publications)

The Financial Crisis

Osaka Mainichi, Nov. 13 (Editorial): The total budget for the coming year comes up to Y2,230,000,000, which is a sum never equalled in the fiscal history of the country. During the past several years the budget has continued to pile up a deficit, the revenues having failed to reach the sum estimated in the budget while the expenditure has passed the anticipated figure. Despite this fact revenues for the coming year are calculated Yen 260,000,000 more than those of the present year. A slight increase in the Government enterprises and income tax will be more than neutralized by the fall in the customs revenue. This is a question of the increase or decrease of only 10 or 20 million yen, which is altogether too small to help cover a deficit of a billion. The total of the bonds the Government is expected to issue from now till the close of the next fiscal year is Y1,100,000,000. Will the country stand such a heavy burden? It is out of the question to hope that such a huge sum of bonds may be assimilated by the people, hard hit by the depression. At least a large portion of the burden must be borne by the Bank of Japan, but this will bring about an inflation of a sort which might prove disastrous to the country. It will cause a further drop in the Yen's value and with it a catastrophic rise in the cost of living.

Ruinous Budget; Takahashi Held Responsible

Tokyo Asahi, Nov. 11 (Editorial): We cannot but feel deep apprehension and grudge to see the reckless formation of next year's budget. Toward the end of last year the total of our bonds issued was figured at about 6 billion yen; in two years, that is, by the end of next fiscal year, it will jump up to 10 billion yen. In the face of this apparent reality, Finance Minister Takahashi made a bombastic statement at a Diet session that the nation need not be despondent even if the national debt reaches 10 billion yen. If the bonds were of a productive nature what the Finance Minister declared might be right. Since this is not the case this time one who has a bit of thinking mind ought to understand what is meant by borrowing 4 billion yen in two years. Judging from the simple truth that the essential factor of national defence lies more in its effective display of the function at the call of an emergency than in the stationary preparedness, the defence work done at the sacrifice of the national finance stability can be said to be meaningless. The Finance Minister's attitude, in easily recognizing the military request for Y95,000,000 in addition to the original requirement, is quite beyond our comprehension. And on the other hand the military authorities' attitude to attain their object at a stroke regardless of the existing financial condition discourages us very much. Seeing that the interest on bonds and pensions alone completely offset the total of tax revenues, the financial and administrative adjustment and decided increase in tax as contemplated by the Finance Minister will contribute nothing toward ameliorating the situation. Under the circumstances we sincerely regret the prevalence of irresponsible optimism.

Swelling Budget and Erroneous Optimism

Tokyo Nichi Nichi, Nov. 11 (Editorial): We need not be studiously pessimistic over the future of our financial world, but we cannot but feel doubtful as to the dependability of the Cabinet in working out the budget estimates. Likewise, we are not without apprehension as to whether the financial circles, international diplomatic world and the Far Eastern situation will improve to such a degree as would endorse the Finance Minister's forecast that from next fiscal year no red-ink bond system will come into budgetary estimates. In the event of the national debt reaching the astounding figure of 10 billion yen during the next fiscal year its interest alone will come up to Y500,000,000, which corresponds to 70 or 80% of the whole tax income. Despite this obvious fact we find both among politicians and the public those who maintain such an illusory idea that since the ban on gold export will sooner or later be removed following the establishment of a new par of exchange, we need not worry so much about the 10 billion yen debt in question, for it would then be cut down to an inconsiderable sum. What we regret besides is the fact that at the bottom of the budget formation there lurks illusion and visionary optimism when all the people unite to seek for the constructioon of national finance on a firm basis even at the temporary sacrifice of their daily comfort.

Government's and Political Parties' Views

Finance Minister (*Tokyo Asahi*, Nov. 26): We are again forced to issue a considerable amount of bonds for next fiscal year. There are those who insist that the deficit ought to be born partly by an increase in taxation, but we must remember that unlike Britain and America Japan has too small number of big tax payers to collect more from, and to squeeze more from the source of income and business taxes would mean hampering the people's consumption power and industrial development. There are not a few who are anxious about the swelling bond issue for next fiscal year, but we must enlighten them on the fact that it was an inevitable consequence of decrease in national revenue due to long continued depression, the Manchurian Incident and the relevant cost of national defence, and the need to meet the exigency. We are confident the national finance will be restored to the condition in and before 1929 following business resurrection which will come round in less than a few years.

President of the Seiyukai (*Osaka Mainichi*, Nov. 25): We must study the budget estimates in detail when they are shown. At present we cannot say much about them. Nevertheless, we know that there is no systematic financial policy formed to deal with the unprecedentedly large budget and its effects. If nothing be done to check the expansion of the budget, Japan's state finances will be in a regrettable predicament.

President of Minseito (*Tokyo Nichi Nichi*, Nov. 25): It gives us grave anxiety that the Government is obliged to issue unproductive bonds of enormous amount. What is more serious is that even the interest has to be covered by bonds. To tide over this difficult situation it is imperative to cut all expenses and seek for more revenue from increased taxation and improved Government enterprises. We hear among military circles that the completion and expansion of armaments are designed by them to be paid for by increased taxation. Although we are in accord with the military authorities in their making necessary preparations at this critical juncture, yet we are of opinion that as far as the budget is concerned they ought not announce their insistence in public but should leave everything in the care of the Finance Office.

What Has Led Japan to Its Financial Predicament?

(By Kamekichi Takahashi—*Keizai Ohrai*)

It is as far back as in 1920 that the present unhealthy economic condition originated. When in 1927 a crisis occurred, requiring a decisive treatment of the economic cancer, the Central Bank in giving a helping hand to invalid banks remarkably obscured its strength as the heart of national economy.

The then Hamaguchi Ministry bravely lifted the ban on gold export at par of exchange in disregard of the unhealthy economic state at home and in the United States, which later developed into the world economic depression.

Attacked on all sides, our financial world began to leak out its weaknesses in all directions in spite of desperate efforts by the Ministry. It was just at this juncture that Britain effected the gold embargo, dealing a death blow to the already emaciated economic artery of the country. Finance Minister Inoue desperately tried to save the situation, either giving secret instructions to the Yokohama Specie Bank to sell enormous amounts of Dollars in the futures market or raising bank interest. In consequence of such Government make-shifts the whole national economic activities were on the verge of standstill toward the end of last year. All feared that either financial collapse or social ruin might be the result.

In the whirlpool of economic failures the Wakatsuki Cabinet, which succeeded to the Hamaguchi Ministry, abruptly came to an end in the middle of December owing to an apparent failure in policies. The Inukai Ministry as a natural sequence came into existence following the outgoing Ministry of Baron Wakatsuki, which had no choice at the time but to have recourse to reimposition of the gold embargo and conduct a rough treatment on the ever-growing economic failures. Thus the deflation policy of the Hamaguchi and Wakatsuki Ministries was instantly replaced by the inflation policy. Indeed the new Cabinet found no alternative but to rely upon this high-handed measure in order to pave the way to the effective practice of its avowed policies. The man who came to assume the responsible position of Finance Minister was Viscount

Takahashi, who had been living a secluded life. He acted upon the advices of officers of the Bank of Japan and the Finance Office, who still remained faithful to Inoue's stringent policy, and this is why a deflation policy was enforced upon the inflation foundation until it was really unavoidable to adopt a real inflation policy beginning the latter half of this year. What necessitated the Government to change its course abruptly to full-fledged inflation, were the social unsafety in connection with May 15 Incident (assassination of Premier Inukai); agrarians' financial difficulties and their possible political uprising stimulated by the May 15 incident; swelled military expenses consequent upon the development of the Manchurian affair, although the depression in America, the Yen's sharp decline, speculative import, and over-production should also be taken into account. After the special Diet sessions of June and September all united to eulogize the inflation which at length exposed its real self. Indeed, they had no alternative, for the impending social and rural crisis was unveiled before their eyes in nakedness.

In this way the inflation which never fails to follow a gold embargo has taken as long as nine months to expose its entire countenance. Yet, as it is the inflation resorted to as a remedial measure instead of a preventive method, it proved to be an unexpectedly huge enterprise.

Financial Ruin May Germinate in Reckless Estimates

(By Dr. T. Makino, Adviser to Tokyo Asahi—*Central Review*)

We regret there are those who express dissatisfaction even with the astoundingly big budget estimates just drawn up. They want more to meet the "extraordinary time" we are in. What do they mean by this phrase? It might be applied to Russia and Germany during the Great War; we are not in so straitened circumstances. If we drain the last drop of our energy now, what if we are really confronted with a real exigency?

National defence is a serious question of course, but its effective function depends upon sufficient war funds. Therefore it is a foolish idea to use them up in the completion of armaments.

What we want to draw special attention to is the unmistakable misuse of the phrase of "extraordinary time;" this is not extraordinary but is of semi-permanent character. Since the outbreak of the Manchurian Incident 250,000,000 has been spent, and for the next fiscal year Y.150,000,000 is estimated; this kind of expenditure will not end with next near. Seeing that the Manchurian question is now in a transitional period from military and political stage into that of economic stability, we cannot but advise the authorities not to be short-sighted in this respect. The estimates are an utter failure seen from this standpoint.

On going through the budget estimates what we cannot overlook is an apparently irresponsible idea that, "it may go to the devil for all I care." This is an extremely dangerous frame of mind for those who are in a responsible position. We greatly regret to have to severely criticize and condemn the budget estimates in question as nourishing a germ to grow up to be a financial ruin.

Sentiment of the Nation toward Military Circle

(By Hitoshi Yamakawa—*Central Review*). In the editorial of October 26th issue of the *Hochi* we find passages, "The national defence expense calculated in the budget estimates are enormous. From the viewpoint of statecraft the estimates which recognize no fresh enterprises except those of national defence and social remedy, can never be said to be appropriate. Especially noteworthy is a certain suspicion growing among a certain section of society, especially among intelligentsia. Politicians who represent the people ought to collaborate in the inspection of the military expense to disperse their doubt and to satisfy the general public." The words are selected and arranged with utmost care, but we are unable to make out what they really aim at. However, what the *Hochi* hesitated to say was explained in a little more concrete way by the *Miyako* in its Oct. 20 issue: "The People withhold commenting on the affairs of the Army and Navy, and there is none who criticize in earnest the enormous estimates for the next fiscal year. Nevertheless, the people will have the courage to say "No," if asked, "Will you refrain from making objection even if the entire request of the Army and Navy be recognized at the expense of the remedial measures to save the wretched people?" We sincerely hope the Ministers of the Army and Navy would appreciate the feelings of the nation. With far more pathetic tone the *Kokumin* petitions on behalf of the sixty million: "After several years' continued red-ink the people have been completely dejected before the astounding figure awaiting for them to shoulder. We rely upon the financial authorities' cutting the Gordian knot and seeing it reduced by half. Most outstanding are those for the Army and Navy. We all are prepared to bear any burden of national defence with a cheerful heart. We pray that against this tearful revelation of the people's inmost heart the military men may show more magnanimous consideration."

Present and Future of Japan's Politics

(By Dr. Sakuzo Yoshino—*Keizai Ohrai*). The most remarkable change in the political world of Japan during the present year is that it has lost its central power.

Until May 15 of this year when the Premier Inukai was assassinated, the Seiyukai Party wielded influence as the centre of Japan's politics. Despite the absolute majority the Party enjoyed in the lower house, the reins of government went to the super-party Ministry of Saito. The people in general, however, did not seem to feel betrayed. There is now developing in our political world a new trend that a party which possesses more seats than others in the Diet does not always enjoy a central position in the political world. On the other hand, there appeared in a corner of the political arena a certain faction bluntly condemning the existing political parties and nipping them in the bud; but this political body has not yet sufficient confidence in its power to stand up single-handed bravely to save the political situation. It still confines itself behind the curtain pulling strings.

The Saito Ministry is, as it were, a caretaker appointed until the real occupant of the house comes to settle. Consequently, no objection was made among the general public to its selection; any substitute of its kind could have satisfied the public. The Saito Ministry is founded on a very shaky foundation as if supported by all and by none. This buoyancy of the Ministry may in a sense do more good than harm in respect to its safety and longevity, it is viewed. The unstable political situation of today lies in that no successor has come to take up the central political position vacated by the Seiyukai Party. We recognize diverse political undercurrents made up of groups which are dissatisfied with the Saito Ministry, but they are all unprepared to take up arms due to lack of self-confidence. Among them the most ambitious is the Seiyukai. It is but natural that stumbling blocks are in store before such a weak Ministry, and we must be prepared to see its downfall at any moment. Then, who will succeed to Viscount Saito?

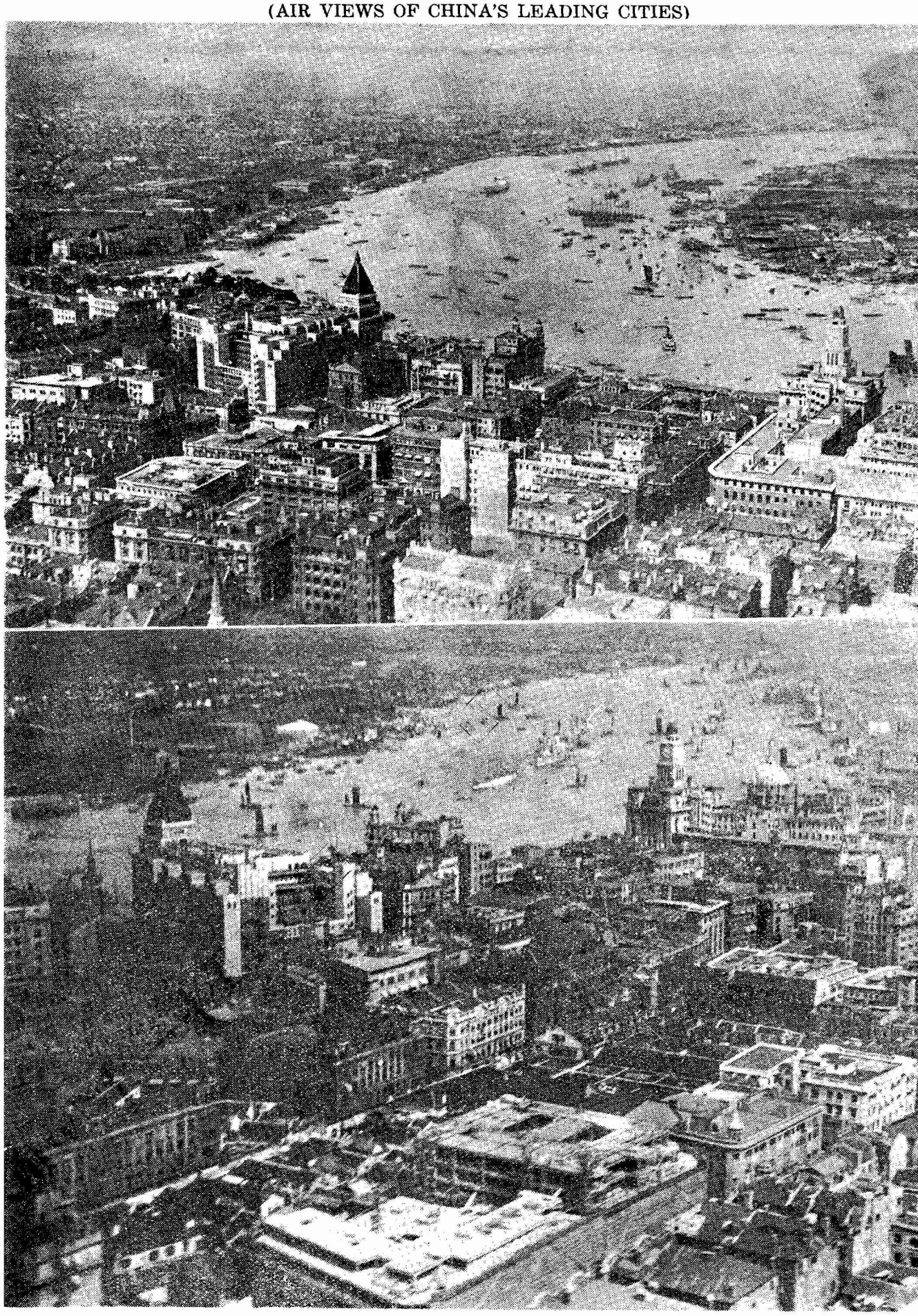
First comes the question of the Seiyukai, which commands an absolute majority in the Diet. If the Party should assume the helm of the State in so short a time after it fell in consequence of the May 15 incident, the significance of the memorable incident would be buried in oblivion. The May 15 incident is regarded as quite different in character from those of Premiers Hara and Hamaguchi (Premier Inukai was shot dead by a military man). For this reason the authority of the Party passed to the hand of Viscount Saito. The present pitiable state of the Seiyukai is the product of its deep-rooted mal-administration and arbitrary attitude. The first requisite for the future Seiyukai to acquire the reins of government is to disperse ill-feeling and distrust of the nation against it. Nothing as yet has been accomplished by the party as far as we know. Under the circumstances so long as the Seiyukai is above yielding to its opponents, there is little possibility of its coming to power in the near future; still less is it probable that it forms a ministry independent of any other political body.

What we have to discuss next is the possible appearance of a super-party cabinet. As to the form and character of such a ministry the public may have their own pretty concrete idea, because the nature of its central influence is known to them. The policies to be pursued by such a ministry may differ little according as who may be the head. If the super-party cabinet coming into power refrain from adopting Fascism and tries to abide by the Constitution and trouble some formalities, it will encounter far greater difficulties than its predecessors did. Besides, judged from the fact that a non-partisan cabinet depending on a minor party will never emerge successful from a general election in future, the formation of a super-party ministry is now a difficult proposition. We must remember in this connection that the Saito's non-partisan Cabinet ascended to power amidst special circumstances. Consequently, conditions will be quite different in the Diet if another non-partisan ministry succeeds the present one. If such a state turns out to be a reality, the Seiyukai would refuse to come to its assistance, in which case the combined power of the

(Continued on page 141)

HEART OF SHANGHAI AND THE BUSY WHANGPOO RIVER

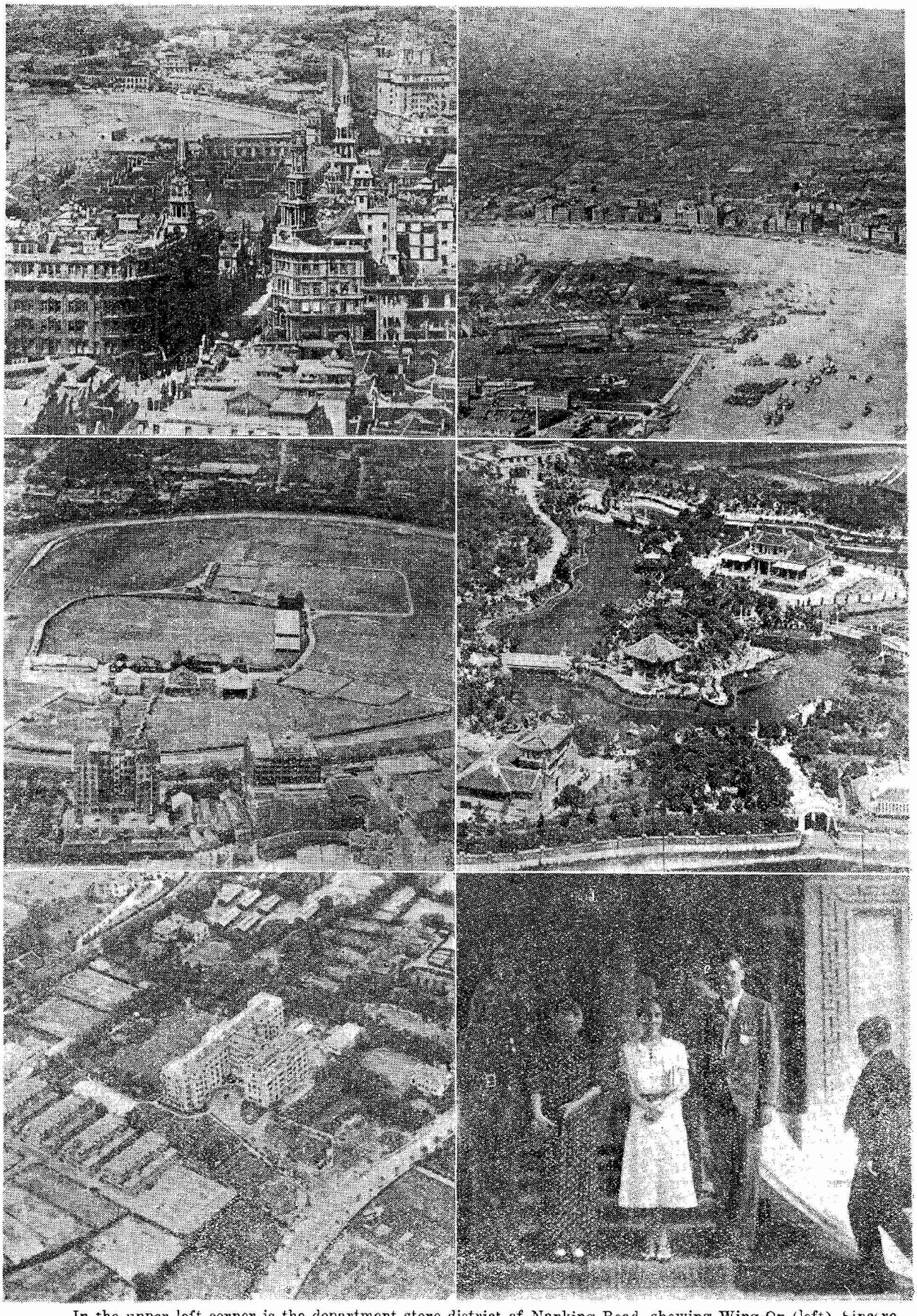
(AIR VIEWS OF CHINA'S LEADING CITIES)



same central district, but looking up-stream past "battle-ship-row" toward the countryside. In the pictures are shown such buildings as the Cathay hotel, *North-China Daily News* building, Customs House, and Hongkong and Shanghai Bank. The Pootung industrial district is on the opposite side of the river.

The China Weekly Review, December 17, 1932.

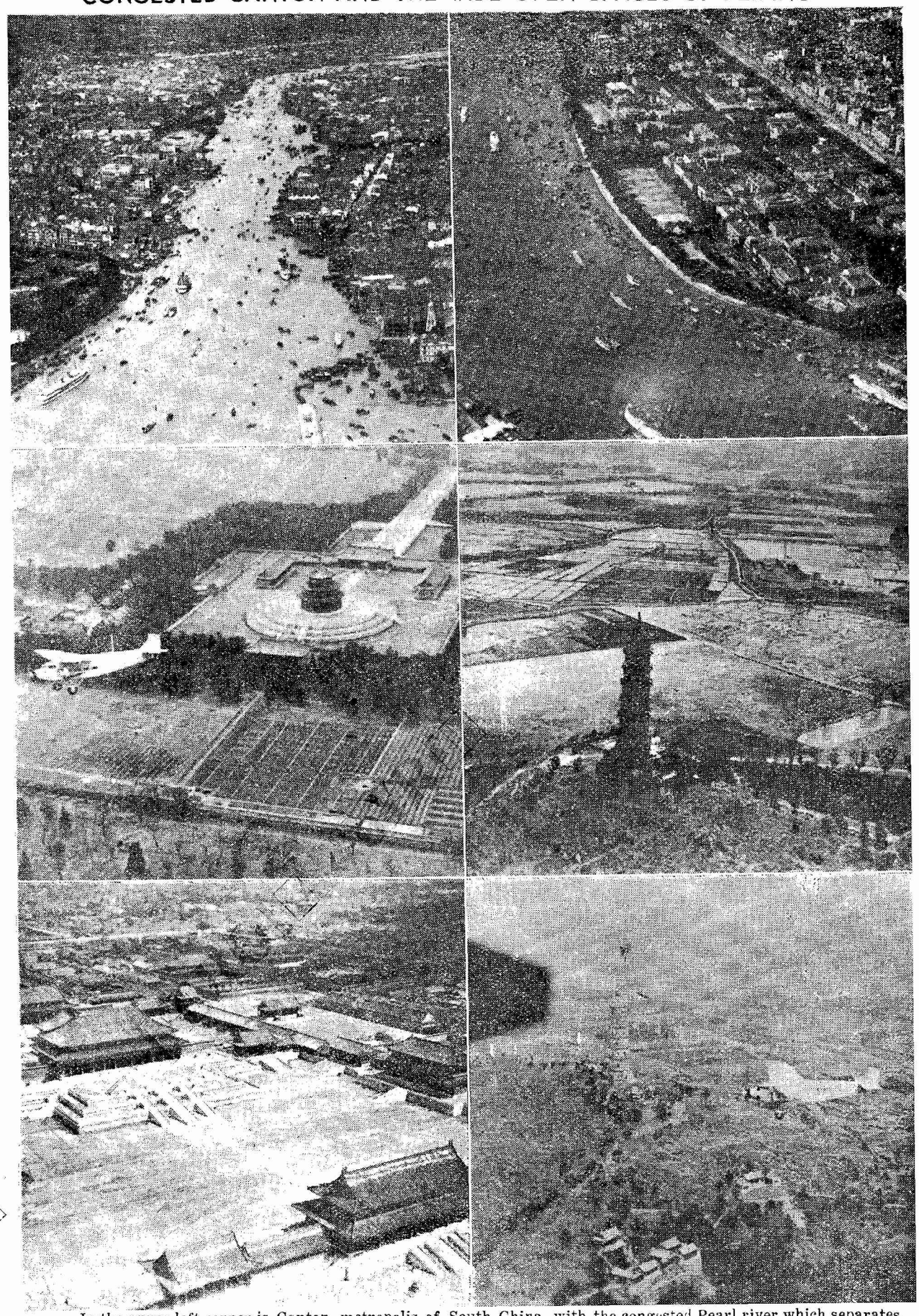
SOME UNUSUAL AIR-VIEWS OF THE CITY OF SHANGHAI



In the upper left corner is the department store district of Nanking Road, showing Wing-On (left), Sincere (right) and a section of the Race Course. The picture in the upper right corner shows the Whangpoo with the Bund and congested central district, while in the foreground is the corner of Pootung. Of the pictures in the center, the one on the left is the Race Course while the one on the right is one of Shanghai's famous Chinese gardens. In the lower left corner is an unusual view of the Country Hospital and surrounding area. And no picture of aerial Shanghai would be complete without the famous Lindberghs. On the right is the famous American aviator who visited China last year. Next to him is Mrs. Lindbergh and standing next to Mrs. Lindbergh is Madame Chiang Kai-shek. On the extreme left is Gen. Chiang Kai-shek, Commander-in-Chief of China's military forces.

The China Weekly Review, December 17, 1932.

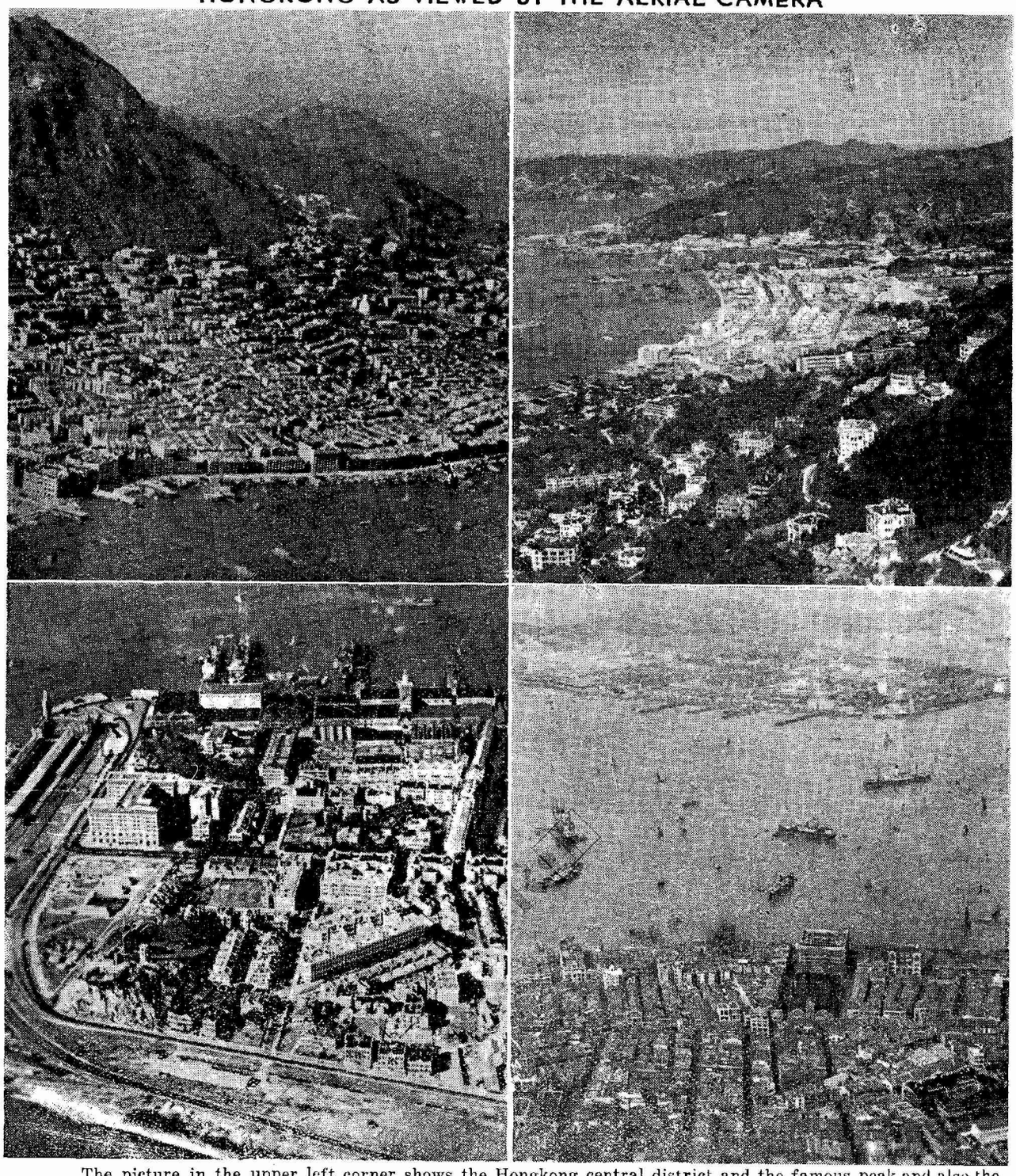
CONGESTED CANTON AND THE WIDE OPEN SPACES OF PEIPING



In the upper left corner is Canton, metropolis of South China, with the congested Pearl river which separates Canton proper from the Honan section. Honan is on the right; Canton and Shameen are on the left. The picture in the upper right corner shows Shameen with its cement-concrete buildings where most of the foreign firms have their headquarters and where most of the foreigners reside.

The other pictures on the page were taken from the air above Peiping. The one on the left (center) is the Temple of Heaven with the Altar in the background. Right-center shows the Porcelain Pagoda of the Jade Fountain with rice-fields and the lake of the Summer Palace. In the lower left corner is the Forbidden City, while the picture in the lower right corner is another view of the Pagoda at the Jade Fountain with Marshal Chang Hsueh-liang's plane at the right.

HONGKONG AS VIEWED BY THE AERIAL CAMERA



The picture in the upper left corner shows the Hongkong central district and the famous peak and also the entire western seafront. The view in the upper right corner shows the eastern section and also the sea-front. The picture in the lower left corner is Kowloon and a section of the Canton-Kowloon railway. In the lower right corner is Hongkong in the foreground with Kowloon and the mainland across the harbor.

The China Weekly Review, December 17, 1932.

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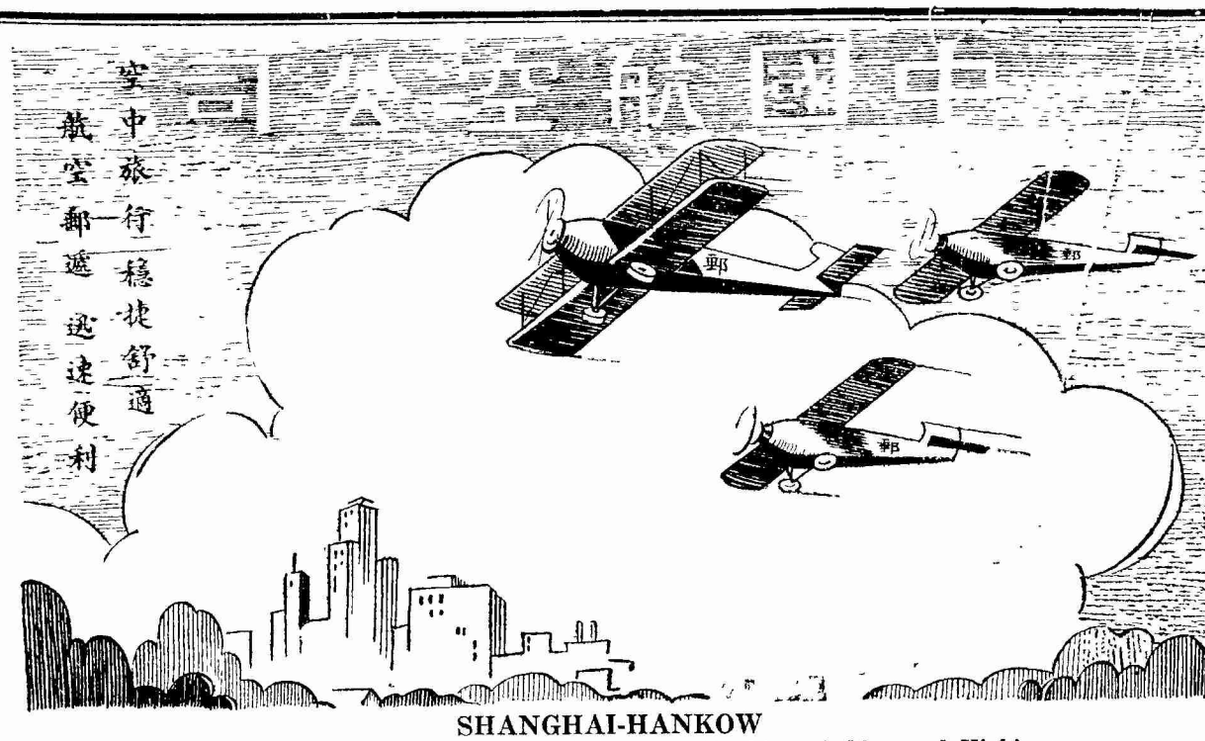

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The Outlook of Christian Enterprise in China

BY HUANG CHING-SHU (黃慶樞)

ONE of the most important and far-reaching events which has happened during the last two years in connection with Christian work in China has been undoubtedly the visit of two groups of experts, who came out here under the auspices of the Laymen's Foreign Missions Inquiry to conduct investigations of missionary activities in China as well as in other Far Eastern countries. Since the publication of the Report of the Appraisal Commission of the Inquiry sometime ago, considerable attention has been drawn to the findings and to the future prospect of missionary enterprise in the Far East, particularly in China where Christianity has been confronted with numerous problems and difficulties in recent years.

The fact that the policy, nature and scope of work, as well as the ways of recruiting men for future service in Christian churches should undergo radical modification in order to meet the rapidly changing condition is no longer to be doubted. The significance of the findings of the Inquiry may perhaps be realized by the fact that the seven boards co-operating and sponsoring in this piece of investigation are responsible in financing and directing the missionary work in this part of the world, and that whatever they say must be carried out in the fields at work. And for this reason, the recommendations of the Inquiry will doubtless be taken as criteria by the responsible boards for changes in future mission activities.

Why are these changes needed? Are there weaknesses and disadvantages in some phases of mission work which call for necessary transformation? What should be the conditions for future improvement? These are some of the questions which the Inquiry has attempted to answer. Christianity has already had a history of about one and a quarter of a century in China. At the present juncture, when so many new forces and movements are at work in the minds of men, Christianity finds itself in difficulty to meet the trials and opposition of the day. Therefore, there is a great need for re-evaluation of the various phases of mission work so as to discover new lights for service to mankind.

Changes in Churches

A perusal of the Report of the Appraisal Commission will impress one with the fact that the recommendations brought out have very important bearings on two of the main Christian institutions, namely the church and mission schools. Regarding the organization, phases of activities and general operation of Christian churches, the suggestion is made for a thoroughgoing shift from separation to concentration, whereby the various Protestant Boards supporting foreign missions may work on a centralized organ for distributing their men and money in future. As it is officially stated, "one of the most urgent needs of the missionary enterprise is the adoption and rigid enforcement, in all fields, of a definite policy of concentration of personnel and resources."

One of the reasons why Christian churches have met with the difficulty of not being able to live up to their former prestige in society is apparently their lack of leadership and their failure to keep pace with the march of events and the emergence of new thoughts and movements. In order to remedy this situation, attention should be given to the cultivation and promotion of scholarship among the staff of church workers for a broader sense of their duty, and changes should be made in future selection of missionaries so that they will not come as mere adventurers but as true disciples of Jesus Christ to serve men. "It is clear," suggests the Report, "that no one should be sent out who does not give promise, upon examination, to rise to true leadership through a readiness to serve rather than to command, to win the confidence and affection of the people with whom he is to live and work, and ever to seek new and better ways of accomplishing his purpose."

With reference to resources, the need of thrift is also emphasized in the report. Although discontinuance of grants, subsidies and other forms of contributions from the various Protestant Boards supporting the missions in China would, in all probability, be unlikely, it is obvious that contributions will not be so easily procured as previously. As a matter of fact, funds contributed from America toward missions here are in a large measure expended for salaries and other expenses of the American missionaries. The discontinuance of grants would naturally mean the withdrawal of the source of supply for these mission workers in China. Subsidies to native church centers are comparatively small in amount.

Indigenous Churches for China

In this connection, it may be stated that continuous reliance on foreign support for the maintenance of church activities is not the intention of Chinese Christian leaders of today. During the last several years, efforts have been made by the Chinese to set up an indigenous, self-supporting and self-operating church organization in the country. The result of their efforts has been the establishment of the Church of Christ in China, which was organized a few years ago, and which is maintaining and supervising a great number of branch churches in different parts of the country. In this way, the Chinese are striving to maintain a church, which will meet the aspirations, sentiment and spiritual needs of their countrymen. It is also their intention to welcome foreign advice and assistance, but whenever foreign contributions are given they must be given in a spontaneous spirit and without any condition of having a hand in the administration.

In view of the present unsettled state of affairs, it seems that there is a great possibility for future evangelistic work among the people in the country. Inspite of the trials and opposition, Christianity will doubtless have great chances ahead if it can bring to the people a message which will not only solve the problem of the future but also help them tackle the earthly difficulties of their present life. In other words, leaders of the Christian church should try to associate themselves more with the social and economic problems of the people, with a view to directing them toward an individual as well as national advancement during the present critical moment.

Religious Requirements to Go

Concerning future prospects of mission schools in China, the chief point of consideration is to be centered on the maintenance of the scholastic excellence of these institutions and the continuance of religious propagation but on a modified, liberal and spontaneous basis. While the question of registration of these schools with the Chinese government is no longer a question, as the majority of them have already complied with government regulations, the point to be considered here is the required attendance in religious exercises which some of the schools are still trying to enforce. According to the report, the required attendance in religious services, including daily chapel, Bible classes and Sunday schools should be abolished. "The religious life of the schools should be a privilege, not a duty required," says the report.

That mission schools, by virtue of their being able to avoid meddling with politics and its better equipment and personnel have been able to achieve a higher standard of scholarship over the government-maintained schools goes without saying. In recent years, it has been found out that some of these institutions have attempted o subordinate educational to religious objectives, with the result that their standard has been lowered somewhat. In appointing teachers in these schools, it has been discovered that quite a number of these teachers have been employed as missionaries largely because of their denominational affiliations rather than their scholastic standing and past experience.

While it is a regrettable fact that government-owned schools have been turned into a most confused and deplorable state by constant student agitations and strikes, it is no longer questionable that mission schools, operated on a strictly educational basis, should continue to be of service in this country. In fact, it is not whether they should go on in their work or not. It is rather the question of what lines of improvement that should be made in the mission institutions in order to render the best and most efficient service to the young men and women today.

In view of the fact that nearly half of the men and money annually donated from the Protestant Boards in America has been spent for the supervising and maintaining of these mission schools, it is imperative for those who are directly concerned with the duty of

uplifting the educational standard of the youths to see what are the best ways to accomplish their task during the present emergency confronting the country. As the best authority is its author, the following paragraphs are intended to give a resume of the findings in the Report of the Appraisal Commission, which will suggest a few important points to the future trend of missionary work in this country.

Scott Heads Inquiry

The preliminary Report of the Appraisal Commission of the Laymen's Foreign Missions Inquiry, which was published in the form of nine separate instalments, was released for publication October last by Mr. Albert L. Scott, chairman of the Inquiry, who also visited China with the commission in the early part of 1932.

The aim of the report is to make recommendations for far-reaching changes in the plan and scope of missionary work in the Far East, including China, Japan, India, and Burma. According to the schedule, a meeting of all the missionary boards of the seven denominations represented in the Inquiry will be called in the winter of this year, during which time the full report will be submitted for approval and adoption.

The important nature of the work conducted by the Inquiry may perhaps be realized by the fact that the total annual contributions of all Christian churches in the United States for their foreign missions involve a huge sum of Gold $25,000,000, and that in the year 1931 alone, nearly Gold $15,000,000 has been spent for foreign missions. During the last several years, there has been a tendency among the influential group of churchmen in America to reconsider the various questions pertaining to missionary work in the future, these including whether missionary work should be continued in the Far East in the face of recent social changes; whether voluntary contributions should be continuously promoted, and if so what will be the best means in securing the most efficient and effective results in missionary enterprises; whether there is need of modification of policy in sending workers to the mission fields to meet changing condition in different localities; and others.

The Laymen's Foreign Missions Inquiry was instituted at a meeting of laymen on January 17, 1930. It was sponsored and financed by the laymen of the following seven Protestant denominations: Presbyterian, Dutch Reformed United Presbyterian, Methodist Episcopal, Congregational, Protestant Episcopal and Northern Baptist. Taking them as a whole, the denominations represented in the study have 57,657 churches, with a total membership of 10,015,366.

Eminent Educators as Members

The Appraisal Commission (one of the three groups organized) consists of a group of 15 prominent educational leaders, many of whom are professors and executives in leading American universities. They are: Dr. William Ernest Hocking, Alford Professor of Philosophy at Harvard University, chairman of the commission; Dr. Clarence A. Barbour, President of Brown University; Mr. Edgar H. Betts of Troy, N. Y.,; Dr. Arlo A. Brown, president of Drew University; Dr. Charles Phillips Emerson, professor of medicine and dean of the Medical School of the University of Indiana; Mrs. William E. Hocking; Dr. Henry S. Houghton, dean of the Medical College of the University of Iowa; Dr. Rufus M. Jones, professor of philosophy at Haverford College; Dr. William Pierson Merrill, pastor of the Brick Church in New York; Mr. Albert L. Scott of New York City; Mr. and Mrs. Harper Sibley of Rochester; Dr. Henry C. Taylor, specialist in agricultural problems; Dr. Frederic C. Woodward, vice-president of the University of Chicago, and Miss Ruth F. Woodsmall of Indianapolis.

Should Foreign Missions Go On?

The excerpts of the report, as released through nine separate instalments are roughly divided into two sections, the first seven instalments dealing with various problems pertaining to foreign missions, the relation between Christianity and other religions, the future plan of churches, etc. The last two instalments place emphasis on some constructive suggestions regarding future plans in mission schools and Christian education in general. Some of the important questions which the report brought out for discussion are as follows: Have these missions in some measure finished their work? Are there new channels for what they have been bringing? Is there a decline in their value to the Far East, in view of vast changes since their early days in the relations of peoples and the means of intercourse? Ought these missions any longer to go on? And if they ought, whether it should be with great change, or little change, or none?

"That these missions should go on, with whatever changes, we regard as beyond serious question" is the recommendation made in this report. Continuing the report suggests that "there is in this fact no ground for a renewed appeal for the support, much less for the enlargement, of these missions in their present form and on their present basis. This Commission makes no such appeal. In our judgement, there is not alone room for change, there is necessity for change, in respects which our report will indicate; and the effecting of such change should be the condition for every further enlargement of the enterprise."

The idea of the new orientation which foreign mission should adopt in their future work is also suggested by the report. The need of change of attitude and plan, according to the findings in the report, was caused primarily by three peculiar events which happened during the past century; namely, an altered theological outlook, the emergence of a basic world culture, and the rise of nationalism in the East. "Of all changes in the world, a theological change will of course bear most directly upon the missionary motive. If the conception of hell changes, if attention is drawn away from the fear of God's punitive justice in the ever-lasting torment of the unsaved, if there is a shift of concern from other worldly issues to the problems of sin and suffering in the present life, these changes will immediately alter that view of the perils of the soul which gave to the original motive of Protestant missions much of its poignant urgency."

Nationalism in the East

The rise of nationalism in the East, which is considered a factor for the need of orientation, is also regarded as a phase of the development arising out from the birth of a world culture in recent years. The report points out weakness in some aspects of Western culture, and suggests separation of Christianity with the spread of Western civilization.

Christian and Non-Christian

Special emphasis is also being placed in the report on the relation between Christian and non-Christian religions, and the need to learn from each other.

Weakness in some respect of the work performed by the church is also recognized in the findings of the report. "The natural impression," according to the findings of the commission, "which one gets is that the standard preaching is far too doctrinal and is a complicated system of ideas instead of being a thrilling way of life. It lacks in constructive and stabilizing power. When we pass from the outstanding churches of wide influence and come to the ordinary churches as they are found scattered about in cities and villages, the story to be told is not all that one could wish. There is a long list of weak churches and dull services to report."

In order to remedy the situation, such churches should attempt to get in touch with trends of thought and intellectual problems in the world around them, because churches of this sort appeal only to a certain type of mind. A narrow denominationalism and sectarianism should be avoided as far as possible, and a complete Christian co-operation for a unified effort to propagate the Gospel should be adopted. This is in brief is the recommendation of the Commission for the need of change of Church enterprises in the future. As the report has aptly put it: "The Church is a going concern, and it must continue to perform its functions while the progress of reconstruction is under way. But however difficult this task of the reconstruction of the Church may be, those who share most deeply in its life and feel most profoundly the weight of responsibility for its future are pretty well agreed that it must undergo a far-reaching transformation."

Referring to the difficult position of mission schools in meeting changing conditions of the day, the report states that "it is evident that the Chinese mission schools, while adapting themselves slowly to the new situation created by the Chinese Revolution, are doing comparatively little to respond to the new tasks which China as a whole is undertaking. It is an unparalleled opportunity to aid in a vast and critical national transformation."

The Appraisal Commission makes the following gen-

(Continued on page 142)

The Revolutionary Crisis in Japan

BY MAURITZ HALLGREN

(*The Nation Nov. 9*)

IT was the fear of social explosion in Japan that led to the imaginary conflict between Japan and the United States described by Hector Bywater in "The Great Pacific War." Mr. Bywater saw the authorities in Tokyo deliberately resorting to war against a foreign Power in order to divert the attention of the people from desperate living conditions within the country. Something of the sort happened last autumn when Japanese troops marched into Manchuria. At least that is the conclusion reached by many economists and political students in Japan. Not long before the fall of Mukden on September 18, 1931, there were definite indications that the long-anticipated crisis in Japan's agricultural economy was at hand. The crops that season had been the poorest in five years; farm prices were falling at an alarming rate; the already burdensome debts of the farmers were mounting so fast that not only agriculture but the banks as well were shaking under the strain; the latent unrest among the peasants pointed the way to violent out-breaks, possibly to a social explosion. These signs were not apparent to everyone, but their real significance did not escape the militarists. Coming largely from landed families themselves, the militarists knew that despite the government-fostered industrial expansion of the last two generations Japan was still fundamentally an agricultural country, that its social peace and economic security, and indeed its principal food supply, still depended primarily upon the well-being and complacency of the hard-driven peasants. But like Mr. Bywater's imaginary war, the military diversion in Manchuria, if that was its purpose, failed to stem the spreading unrest. Today that unrest has taken on a distinctly revolutionary aspect, not necessarily in the sense that it is leading to a *coup d'etat* or a bloody civil war, though both may come, but because it now appears certain that only revolutionary reforms can really solve Japan's farm problem.

The struggle for existence has always been a grave one for the Japanese peasants. In the eighteenth and nineteenth centuries they seldom had enough food for themselves; the rice they raised went toward payment of taxes; they had to be content with the cheaper grains and potatoes that were left. According to one commentator, Matsuyo Takizawa:

When the Peasants Attacked the Lords

Multitudes of people died of hunger. Such a desperate situation drove the peasants to appeal to the lord, and when their appeals were not heard, furious riots broke out. In 1764 the peasants (of different provinces) united and attacked wealthy people in the vicinity and plundered rice and money from their storehouses..... There are over fifty local uprisings of peasants recorded in historical writings.

More recently, and especially in the last fifteen years, there has been increasing agitation among the peasants. The press has reported many attacks on the houses of landlords by impoverished tenants. Although it is difficult to organize the Japanese farmers for political action under normal circumstances, in the last few years peasant Socialist parties have arisen almost spontaneously among them. The tenant farmers are organizing themselves into unions, the membership of which is said to be "increasing at a notable pace." As a further gesture of revolt, the farmers in several localities have established their own schools for their children, and in consequence have been colliding with the state authorities. Petitions to the government and parliament for help have also greatly increased in number of late years. And the peasants have sought to dramatize their plight by mass-meetings and public demonstrations. An example of these was the march on Tokyo undertaken by a large group of peasants in February, 1929, avowedly to advertise the need of "saving the poor farmers of Japan from starvation."

The financial, commercial, and industrial classes and the newspapers have paid little heed to these demonstrations. In this they have been less discerning than the militarists and fascists, who for many months have had organizers at work among the peasants. Within the last year, however, the farm crisis has become so acute, the demonstrations of the peasants have been so insistent, that the city dwellers and the press have finally awakened to the gravity of the situation. They are not greatly concerned over the personal suffering of the farmers; what distresses them is the likelihood that an agricultural collapse will undermine the banking system, and so threaten the whole national economy. The newspapers are devoting countless editorials and articles to the problem. The Osaka *Mainichi* recently asked: "How do the farmers meet these deficits, steadily accumulating and accelerating? Those who have daughters do so by selling them to brothels or by making them work in spinning mills; those who own farms, by giving them up." To which the *Weekly Chronicle* replied:

> The amount of relief to be got by abandoning a farm instead of continuing to work it cannot be very great. And it is reported that in these days there is a decided slump in the market for daughters. Debts increase, but the price obtainable for daughters decreases. As for having them work in filatures and cotton mills, trade is so bad that many girl workers find themselves under the necessity of returning home because the mills do not want them.

It was not until after the press campaign had been under way for months, in fact, not until after a monster petition for relief, signed by 110,000 farmers, had been sent to Tokio, that the present non-partisan government began to take seriously the reports that the agricultural crisis was really a grave matter for the country. The peasants asked for a three-year moratorium on farm debts, a state subsidy for fertilizers, and another subsidy to finance emigration to Manchuria and Mongolia. Official deputations were sent out to investigate the basis of these requests; local governors were asked to report upon actual conditions in their districts. On receipt of these reports some of which were frankly sensational in describing living conditions among the farmers, the government was finally convinced of the wisdom of calling a special "farm-relief" session of the Diet. This session was convened on August 22, but the government took up most of the time in debating and defending its Manchurian policy and in criticizing the presence of the American fleet in the Pacific Ocean. Only a few million yen were voted for farm relief. Nor will the government lift a finger to help those who are actually starving on the farms. Throughout the summer the Ministry of Agriculture and Forestry was flooded with petitions from peasants asking that rice be sold to them at reduced prices or be distributed free. But the officials replied that "the regulations do not allow sale in Japan at prices under the open market, and free distribution is absolutely banned."

The Limit of Production Reached

The scarcity of tillable land, the pressure of a rapidly growing population, high tax rates made necessary by the state's desire to create a modern industrial system out of exceedingly poor material resources, and the inexorable law of diminishing returns have all contributed to the farm crisis. The first and the last are the most important of these factors. There is not sufficient arable land to give each farmer a plot large enough to support himself and his family. Far from having a surplus to sell for profit, he often cannot produce enough to meet his taxes or rent, to say nothing of supplying his own needs. The tenants, who make up approximately half the farmers, have the smallest plots of land, and so stand lowest in the agrarian scale. But even among the farmer-owners the problem is grave, for a majority of them have farms that are no more than an acre and a half in extent. To put it another way, there is one farmer for each nine-tenths of an acre of arable land in Japan, as compared with one farmer for each thirty-two acres of tillable land in the United States, for each sixteen acres in Denmark, six acres in France, and three acres in Italy. True, the Japanese have worked unexpected miracles by way of intensive cultivation, but now they are learning that no matter how much additional labor they expend, and no matter how much more fertilizer they use, the produce that can be wrung from one or two acres of land is definitely limited. More than that, intensive cultivation is beginning to bring increasingly diminishing returns. Rice is the principal farm product and the principal article of diet in Japan. From 1909 to 1919 the yield per acre of this crop was increased under improved methods of cultivation by about

18 per cent, but since 1920 there has been no increase whatever. Indeed, although the total acreage of cultivated land has been slightly expanded, the total rice production since 1928 has actually declined. Both labor and fertilizer cost money, and more of each is needed every year to keep up the yield. The cost of production is therefore going up, while farm prices have been going down. In a sense, then, the Japanese farm crisis is a capital crisis, for Japanese agriculture has now apparently reached the point where necessary additional capital expenditures eat up all the potential profits.

The rise of the silk industry saved the peasant for a time. Many farmers turned to sericulture some years ago when America began to buy silk in great quantities, although the tending of the cocoons meant many extra hours of labor at night for farmers and their families. In the opinion of some students of the Japanese population problem, had the farmers not been able to fall back upon the silk industry, "the increasing cost of producing a bushel of rice would have brought about a great social collapse." But the United States, having troubles of its own, is no longer buying silk in great quantities, and the price of that commodity has fallen almost perpendicularly: a 130-pound bale brought $700 on the Yokohama Silk Exchange three years ago; today the same bale brings from $150 to $200.

The farm crisis can be attributed not only to the scarcity of tillable land and the rising costs of production, but also, though in smaller measure, to the government's long-established policy of artificially stimulating industry by means of various kinds of subsidies. One result of this policy has been to saddle the landowners with taxes proportionately higher than those assessed against urban property-owners, and to use these taxes for the benefit of the cities rather than the rural districts. It was for years considered sound economic statesmanship to favor industrial corporations with absurdly low assessments, although until very recently the earnings of these corporate enterprises were extremely high. In 1929 the Tanaka Government sought to equalize the tax burden as between town and country, but the farmer still has to pay from two to three times as much in taxes as the city dweller. For example, a business man with an annual income of 1,200 yen is assessed approximately 10 per cent of that income, whereas the peasant with an equivalent income has to pay as much as 23 per cent. When the business man's income rises to 3,000 yen, he still pays no more than 12 per cent in taxes, but the landowner with that income has to pay approximately 30 per cent.

Urban Standard Higher

Another consequence of the state subsidy policy has been to raise the standard of living among the urban classes to a much higher level than that of the farm population. W. R. Crocker discusses this in "The Japanese Population Problem," in which he writes as follows:

Wage-earners in the town are better off than the tillers of the fields.. This is a disparity that would foment discontent and unrest at any time; today....it is a disparity that rankles deeply. The peasants are literate and are open to the appeal of the written word.... They are breathing in the subtle air of new standards, and at the same time are self-conscious spectators of their own inferior conditions.....It is irrelevant to urge that they are not less fortunate than their forefathers.

On the one hand, the peasant has a natural desire to achieve as nearly as his resources will permit the standard of living obtaining in the cities. On the other, because of the increasing use in Japan of modern advertising and salesmanship, he is under constant pressure to buy manufactured products from the city. Together, these factors have resulted in making the average Japanese farm less self-contained than it was before the revolution of 1868. The early domestic crafts have all but disappeared; the rural household no longer produces all that it consumes; it must buy many things from the city, especially clothing. Inevitably the peasant's hardships are now multiplied when he falls upon evil times.

The peasant cannot remedy his position by acquiring new land, for there is no idle land to be had. Nor can he help himself by more intensive methods of cultivation, for that is costly and will yield him no greater returns. His taxes, or rent, are extremely high, and these take a large part of his crop. What is left goes for interest charges on his loans and the purchase of fertilizers. If he meets these charges, he has nothing left with which to feed himself and his family. In ever-growing numbers, according to the Tokyo *Nichi Nichi*, the farmers are compelled to borrow for consumption purposes, to buy food and clothing; and the interest they must pay on such loans is exorbitant, often running as high as 14 per cent. In consequence, the indebtedness of the farmers is mounting at the rate of 1,000,000,000 yen annually. In July the total farm indebtedness stood at 6,000,000,000 yen, which at the normal rate of exchange is equivalent to $3,000,000,000. This amounts to an average of 8,000 yen, or approximately $4,000, per farm family. If the government cannot or will not help the farmer, he must either withhold his tax and interest payments, which would certainly precipitate a new financial panic, or else meet these payments and starve himself and his family. That, however, is only the immediate problem. It does not take into consideration the permanent difficulty of Japanese agriculture—the threatened exhaustion of the land, the rapidly rising costs of production, the inescapable fact that Japan has about reached the point where it can no longer feed itself.

The Problem of Relief

Japanese business men and newspapers at the moment are talking of the problem in terms of relief. Many relief schemes are being advocated, but only four have been seriously considered in official quarters. The first would provide direct government loans without security to the farmers; the second would reduce the rate of interest on unpaid tax assessments and on other obligations to the government that may be in arrears; the third would create a program of public-works construction to stimulate employment, and thus increase the purchasing power of the workers; the fourth would seek to raise the price of agricultural products by a higher tariff and by government purchase of surplus supplies of rice. It is doubtful whether any of the money involved in direct advances to the peasants would ever reach them. In the past the creditors of the farmers, and they are numerous beyond counting, have always been quick to appropriate such relief advances for themselves, leaving to the farmers nothing but the expense of obtaining the loans. The second plan would do little more than postpone the day of reckoning, for the interest due the government is small in amount compared with the total indebtedness of the farmers. A public-works program would help, but the relief would be only temporary, and the cost of the construction would greatly increase the already large deficit of the government. Higher tariffs would certainly help the Japanese farmer no more than they have helped the American farmer, while the proposed plan to control the price of rice through government purchase is no more likely to prove successful than was our own experiment in trying to stabilize grain and cotton prices through the Federal Farm Board.

The government is disturbed more by reports of unrest in the rural provinces than it is by actual evidence of starvation. It is watching very closely the growth of radicalism among the farmers. Not long ago the police bureau of the Home Office instructed the local governors to make regular reports on radical activities and agitation in their respective prefectures. More recently a government spokesman declared that it was the intention of the authorities "to suppress the agrarian movement, should attempts be made to attain the end in motives of the agitators." Whether or not the government is justified in its fear of radicalism among the farmers, it appears that the agricultural crisis may lead to revolutionary changes in Japan. Kaku Mori, chief secretary of the last Seiyukai (Conservative) Cabinet, addressing the special farm-relief session of the Diet, declared:

I am not an advocate of national socialism, but I hold that the state should have more control over industry. When a farmer raises a crop of rice, the government by means of a monopoly should see that the price covers his living expenses.... The state should control the monetary organs and many other industries, such as shipping and fishing. But present methods of administration can do nothing. Extraordinary measures in which the army and the politicians cooperate are needed.... Bold measures, even at the cost of a temporary suspension of the present constitutional system, offer the only remedy.

It is significant that such views should be expressed by one of the most influential leaders of the largest political party in Japan.

China Merchants Under the New Management

BY PAUL K. WHANG (汪仲芳)

IN my last article on the China Merchants Steam Navigation Company, I have stated that with its status defined and its management placed above partisan interests, the company will be able to map out its own way of salvation, if it is permitted to run its own business without the government interference.

The wisdom, on the part of the government, in appointing business men to supervise and manage the company can not be gainsaid, In this connection, it is worth to note the words of T. V. Soong, acting President of the Executive Yuan, who has been quoted as saying, "There are several reasons why the government has taken men from the business world rather than ordinary officials to manage and direct the company. It desires the closest co-operation of shipping with industry, commerce and banking; by its own experience as well as that of other countries no shipping company could be successfully run by ordinary government officials; and finally in entrusting the company to persons unconnected with the government the welfare of the company is placed above partisan interests, so that any change in the personnel of the government will not affect the policy and development of the company."

Such an utterance by a high government official can be amply interpreted as the government confession of its past failure in reorganizing the company and also its realization that the company, though owned by the government, must be run by business men free from political influence.

While the qualifications of some of the new directors and supervisors may by open to question, the appointment of O. S. Lieu as the new general manager has been unanimously acclaimed as a good choice. The new general manager needs no word of introduction, for he is probably the best-known figure in the Shanghai community. No one is better qualified to head China's foremost shipping company than he is, although his new job is far from being an envious one. Through his experience and knowledge in operating industrial establishments, he will be able to introduce economy and efficiency to the shipping company, which has been very much disorganized during the past few years.

O. S. Lieu, a Capable Manager

It may be recalled that about three years ago Mr. Lieu had already been offered by the government the job of reorganizing China Merchants, but than he was too busy with his own affairs to accept the government offer. During these three years, the government had to appoint three different men, one after another, to reorganize the company, but all of them proved unequal to the task. At last, the government had no alternative but to call for the service of Mr. Lieu again. For the sake of saving China's foremost shipping company, he has finally promised to accept the government offer at the great sacifice of his personal interests.

It is not a little ironical that Mr. Lieu, who rejected the government offer three years ago, should accept the government appointment now, when the financial condition of the company is far worse now than before. It is generally said and believed that had Mr. Lieu accepted the government offer three years ago, his task of reorganization will not be half as difficult as it is now.

But the skill of a physician will be better demonstrated when he is called to treat a patient who is dying. Likewise, the ability of a business man will be better shown when he is asked to reorganize a business firm which is bordering on bankruptcy. As a skillful physician will not be afraid of facing a dying patient, so an able business man will not turn his face upon an insolvent company.

Thus Mr. Lieu has accepted the government offer with courage and determination, both of which are the attributes of a business leader. In his inauguration speech, he did not made any flowery promise, but only said that henceforth the company would be conducted along purely commercial lines, and that he would pay special attention to securing good personnel. His brief speech deserves our attention in view of the fact that the company has hitherto degenerated into a political institution. Before any other measures of reformation can be successfully introduced, the company must first be restored to its commercial basis, and secure good personnel to replace those who are inefficient and corrupt.

At the present time when the new management is not yet one month old, to make any conjectures on its future is premature and risky, but hopes are running high that the company, through the infusion of new blood, will emerge from the old lifeless body and take on a new lease of life.

The retrenchment policy pursued by the new management will bring about a cut in the expenses of the company of $500,000 per year without any corresponding reduction in the efficiency of its work. As reported, the expenditure of the company will be slashed by $300.000 through the dismissal of more than one hundred superfluous workers who entered into the employ of the company during the present year. Through the purchase of coal at a much cheaper price than before, a further cut of $200,000 will be realized annually.

In order to convert the company into a going shipping concern, its revenue must be opened up, while its expenditure must be reduced as much as possible. The new management has already worked successfully along that line, and it is expected that it will introduce similar measures of reformation to ships and godowns, so that further cuts in the expenditure can be effected. As a matter of fact, the company, even with its old and obsolete ships and godowns, can still draw from them enough revenue to make both ends meet, if it can reduce the general, shipping, and godown expenses to the minimum amount.

It is no wonder that the company can not survive, when it has on its payroll more than one hundred names whose service can be dispensed with at a single stroke. Moreover, it reflects no credit upon the past management when it paid more than necessary for the supply of coal. As coal is the chief fuel for the shipping company and its monthly consumption runs to a very high figure, any evil practice in the purchase of coal will entail a great loss to the company.

The Missing Tls. 700,000

The new management has succeeded in restoring to its control and management the Central, Eastern and Lower Wharves, which had been handed over to the China Realty Company by the past management headed by Li Kuo-chieh under the loan agreements. Pending the discovery of the whereabouts of the fourteen lost checks amounting to $700,000—the money paid by the said Realty Company to Mr. Li on the latter's request—it is not expected that any attempt will be made to nullify the loan agreement. Suffice it to say that the new management will see to it that the most valuable wharf properties of the company will be kept intact by all means.

The regulations governing the purchase of shares of the company by the government were already announced on Dec. 1, and the shareholders have the option of either selling or keeping their shares as they see fit. If the shareholders think that $50 is a good and reasonable price for each "set" of their shares, which for the time being stand around $34 or $35 on the market, they may turn them over to the government. In case they deem their shares worth more than that sum, they may keep them and thus remain shareholders of the company.

In order to liquidate the indebtedness of the company, a Debt Rehabilitation Committee has been formed. It is generally said that the company's indbtednese is around $17,000,000, but the exact figure has yet to be ascertained. Likewise, the new management has engaged technical experts to make a complete revaluation of its assets, inasmuch as many of its landed properties have not been properly measured and valued for the last ten years, and the value of its ships has not been written off with depreciation. In order to get a complete financial picture of the company so as to pave the way for devising ways and means for its reorganization, a complete set of exact figures as to its assets and liabilities is indispensable.

As a further measure to cut down its expenditure, it is reported that the new management has contemplated to combine its six departments into four departments so as to reduce the duplication of work and increase coordination among the departments. Furthermore, this arrangement will make it possible to dispense with the service of more personnel.

Judging from the works now initiated and enforced by the new management, the prospect of its future success is very bright. It is fervently hoped that as soon as the new management has consummated the tasks now on hand, it will immediately introduce its measures of reformation to its ships and godowns. It must be said that the evil practice perpetrated by the compradores on its ships and in its godowns has been so notorious that in order to restore the good name of the China Merchants this old compradore system, if not totally abolished, must be improved. It is also hoped that henceforth the branch managers should be selected from the business circle instead of the official class. With its ships, godowns, and branches reformed and managed by suitable men, the company will be on the road to rehabilitation.

Shanghai, Dec. 12, 1932.

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The National Government in Nanking: An Appraisal

BY VICTOR LOO

ONE of the political manifestations which feature largely in the news from Nanking to-day is the meeting of various Councils, Committees, and Commissions pertaining to the Nanking Government. One day we read about the National Reconstruction Commission having completed a plan for a trackless tramway service in the Capital or the Central Political Council about to draft a tariff law. Then the next day we are confronted with the reported deliberations of the Foreign Relations Commission upon the pros and cons regarding the Lytton Report or the news of the Central Supervisory Committee discussing important measures relative to the Kuomintang. Now, to crown all, we are told that the Central Executive Committee is due to hold its third plenary session on December 15; when all the political leaders will meet, and outstanding questions regarding governmental reorganization will be settled. So nothing can be more puzzling to the general public than following up the frequency, or figuring out the number, of these deliberative organs of the Nanking Government. And a casual observer may well wonder what they are all about.

Yet this system of government by Councils, Committees, and Commissions has been working for four years, and, to all intents and purposes, is coming to stay. We may, therefore, do well to recognize the useful functions which it is performing, as well as to note some of the defects which are inherent in this somewhat complicated system.

In order to understand the practical working of the Nanking Government, it is necessary to bear in mind that this Government is mainly made up of two sets of institutions. And these are intended to fulfil a two-fold function—managing the Party affairs and running the Government administration. For the former, there are innumerable Party headquarters or Tangpus which spread throughout the country, ranging from the Sub-District Tangpu to the Central Party Headquarters in Nanking. For the latter, we find at the top of the governmental structure, the President of the National Government, presiding over a State Council, and next the five Yuans (Councils), each headed by a President, for the exercise of the five political powers of administration, legislation, judiciary, civil service examination and supervision. The Executive Yuan again establishes fifteen Ministries and Commissions for the performance of various executive duties.

In this governmental system as mentioned above, there may be detected the working of a combination of the principles of centralized control, joint responsibility and government by discussion and advisory opinion. Where dispatch and efficiency need the pre-requisites of centralization and personal responsibility, as in the case of the five Yuans and the Ministries, the execution of their administrative duties is placed under the direction and supervision of a President or Minister. Besides, various Committees or Commissions are created and multiplied, whenever emergency or tangled problems arise. Not only are prominent officials included in them, but leaders outside the Government circles are also invited, for the benefit of their expert service or matured counsel, to collaborate with the Government in undertaking enquiries into matters of national importance. The Finance Commission, the Foreign Relations Commission, and the National Military Council have been recently created in order to cope with the problems arising out of Japanese military aggression.

The Central Party Headquarters

The same principles are being tried out in the organization of the Central Party Headquarters, which is most illuminating as showing the manner in which government by the Kuomintang works. The various executive functions of this Headquarters are allotted to three Departments and six Special Committees. It thus tends more to the principle of joint control and collective responsibility. Then its highest organs—indeed, the highest in not only representing the Party but directing and supervising the National Government—are in the form of two committees, the Central Executive Committee and the Central Supervisory Committee. Both are elected by the National Congress of the Kuomintang, composed of delegates elected in turn by the Sub-District, District, Municipal, and Provincial Conventions, in an ascending order. The members of these two Committees are again elected to form a Central Political Council, the membership of which does not exceed two-thirds of the total number of the members of the two Committees. Other political leaders who are non-members of the two Committees may be included in the Council, but the number of such members must not exceed one-fourth of the membership of the Council who are members of the Central Committees. Now, to this Council which is but an enlarged committee of the Central Executive Committee is entrusted the duty of formulating governmental policies, appointing the heads of the Yuans, or generally directing and controlling the National Government. It thus acts as the highest fulcrum, which connects the Kuomintang with the Government and exerts a paramount influence derived from that Party upon the latter. If the organization of the Kuomintang may be compared to a pyramidal hierarchy, then we find high at its apex the Central Committees and Councils, which constitute the highest joint authority for the managing and steering the ship of state. This authority is in the last analysis a delegated one derived from the National Kuomintang Congress, the highest organ of the Party. Then, it is further based upon representation of popular choice exercised through suffrage by about 812,128 Party members.

But what is more noteworthy in point of practical politics is the tendency shown in the composition of these Committees and Councils to follow the principle of joint control and collective responsibility. This may be inferred from the fact that practically all political leaders —the Northern militarists, the Kwangtung malcontents, and even the past enemies of the Government—have been admitted to these Committees and Councils. Indeed, the Nanking Government may be said to become more and more conciliatory to criticism or opposition. In other words, it is tending to be a government of all talents. Developments in this direction may be noted in the augmentations, effected on several occasions, of the Central Committees and Councils. For instance, in 1924 the Central Executive Committee had 24 regular and 17 reserve members; and the Central Supervisory Committee, 5 regular and 4 reserve members. Then the former had 36 regular and 23 reserve members in 1926, and 72 regular and 48 reserve members in 1931. The latter had 11 regular and 8 reserve members in 1926, and 24 regular and 16 reserve members in 1931. The membership of the State Council was also increased in 1931 to 24-36, that provided by the Organic Law of 1928 being only 16 to 32.

An Aristocratic Oligarchy

Taking a close-up view of such a complex governmental structure, however, one finds that in reality it resolves itself into an aristocratic oligarchy. By this term, it must be noted, is meant, just as the ancient Greeks would have it meant, government by the best and the few. And for the Nanking Government it indicates a government by the best among the Kuomintang members. Generally speaking, all its institutions of political or administrative importance are practically dominated by more or less the same persons. Despite their open and adaptable character, the Central Committees and the Councils are virtually under the direction and control of a few members, who, owing to either long standing in the Party or a record of meritorious military or civil service, can command the loyalty of a majority of the Party and shoulder high responsibility in the State. The Central Executive Committee delegates to a Standing Committee of five to nine persons, the duties of administering the Party affairs, and assigns the duty of directing and controlling the Government administration to the Central Political Council. This Council again sets up within itself a Standing Committee of three members, who preside at its meetings and generally supervise over, and is responsible for, the work of the Government. That the three members thus elected are generally the most influential and popular members of the

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Kuomintang, has been more than once proved to be true. Last December General Chiang Kai-shek, Messrs. Hu Han-min and Wang Ching-wei were elected. As further evidence of this government of oligarchy may be mentioned the fact that these able leaders have been concurrently President of the Executive Yuan. Thus the line of authority runs from the Party machine to the Governmental bureaucracy. This undoubtedly tends to make the Executive Yuan, the highest administrative organ, so predominant, that the other Yuans are put in a position of dependence upon the former for the approval and execution of their proposals.

Coming to other Commissions, and Committees which are created for special enquiry or the performance of executive duties, we find they are in the last analysis composed of the same notables in the Party, as members of the Central Committees, or heads of the Yuans and Ministries. With human nature being what it is, it may be inferred that their deliberations and investigations must be influenced by the persuasion and judgment of the leading and the most active members. This, however, does not mean that the Nanking Government is obscurantist, and does not admit of frank and constructive criticism. It often happens that Nanking invites non-Party individuals to help on its Commissions. Thus initiative and independent judgment are not without the opportunity of having free play.

The Nanking Government, like other governments the world over, of course has its limitations and shortcomings. The criticism often directed against its system of Committees and Commissions is that it is apt to result in dilatoriness of achievement and diffusion of responsibility. Defects like these may be ascribed largely to two causes: the zealous attempt on the part of the leaders to carry on as many various governmental activities as they can bear and the waste of time and energy resulting from government by discussion.

An old State Councillor or Central Committee Member, or a young Minister, sitting on several Commissions on finance, legislation and foreign relations, may inevitably function as a dilettante would dabble in art. While one may not question their knowledge and ability, yet this zeal and ambition on the part of the Nanking leaders for making a show of multiple political activities certainly looks amateurish. In many cases this amounts to entrusting them with duties without regard to their particular profession and knowledge. To note but few instances, the Minister of Justice can act concurrently as Minister for Foreign Affairs; a man who was one time Minister of Education may the next time become Minister of Communications. Without examining the advisability or expediency of these makeshifts, they certainly constitute for the Nanking Government a striking feature which may beat the British record of "government by amateurs."

Cumbersome Deliberative Procedures

The frequency of public meetings and the cumbersome deliberative procedures undoubtedly entail a waste of time which is no negligible factor in detracting from government by discussion some of its efficacy. Where many experts meet, there inevitably occur differences of opinion, and so considerable amount of time and patience has to be spent in order to smooth them out. When discussions become heated, then the real issues may be lost sight of, or the speedy attainment of practical results deferred. Indeed, no democratic government has been free from this drawback. The British Parliament or the Soviet Councils would fare better, if it could just talk less and act more.

Nanking claims that its central organs bear a corporate responsibility for their acts of omission and commission. Owing to, however, the diffusion of labor of their members in many spheres and the interlocking of their competences, this responsibility may well appear to the general public to be evasive and intangible. In fact, as corporate entities, the Committees and Commissions seldom resign in a body. And a prominent official who resigns from one post may be appointed to another or may still be a member of the Central Committees. But with the introduction of the Cabinet system in December 1931, the corporate responsibility has been purposefully made manifest and enforceable all along the line of governmental departments.

Then, the holding of multiple responsible offices at the same time may possibly involve too great a physical strain for the incumbents even of high calibre to bear with success. It is not infrequently that the executive heads of the Yuans and the Ministries are required to attend several urgent or ceremonious meetings a day or days running, besides performing strenuous duties of their respective administrations. Distracted between many official engagements, it may be a physical impossibility for them to concentrate energy on the formulation of emergency measures. Furthermore, the scattering of their members in different places away from the Capital sometimes makes the convocation of the Committees difficult and tardy. One may recall the press report during the armistice negotiations with Japan in April 1932 that the meeting of the Foreign Relations Commission once could not even secure a quorum. Those members of the Commission who had been unconversant with such negotiations were at a loss to find solutions when called upon to attend the meeting.

Really, such defects as noted above are inherent in all political systems that provide for anything like government by joint control, persuasion, and advisory opinion. As a matter of fact, these defects have been reduced to some extent in the Nanking Government by its centre of gravity leaning on its executive branch, coupled with the strong influence and energetic action of its able leaders.

The System of Checks and Balances

It must be in fairness admitted that the Nanking Government on the whole offers many possibilities for the co-operation of constructive leaderships and the enlistment of expert service. At the same time it is gradually building up a nation-wide democracy, by pushing on local self-government and providing for popular representation of socio-political groups in the Legislative Yuan and in the coming People's Political Council. Already steps have been taken to enact the necessary legislation for the uplift of governmental administration out of the vicissitudes and turmoil of politics. In the Control Yuan which has been established for the administration and supervision of the Civil Service, there is showing a noteworthy endeavor to build up a clean, honest, and efficient administration. Then perhaps the most significant aspect of the system is its provision for many "checks and balances" by distributing the powers of the Government into many legally independent compartments. And this helps immensely to reduce, if not rule out altogether, the possibilities of the Government falling under the one-man dictatorship.

Looking back upon the government of the past regimes, one is impressed by its impermanence and unstableness, on account of the scramble for power among the self-seeking, hostile militarists. As a result, the responsible positions of the heads of the State were made amazingly difficult and precarious. Now, it is against the very evil of a one-man rule and the centrifugal forces of opposing leaders that the Nanking Government has been adjusting itself in order to provide for a remedy. To state succinctly, the remedy lies in its three main features: 1. The strong executive. From 1928 down to 1931 the position of the National President was paramountly strong, being somewhat similar to the strong executive in the American Presidential System. But since the introduction of the Cabinet System in December 1931, the executive authority seems to have shifted to the President of the Executive Yuan: 2. The plutocracy as provided in the Central Committees and Councils by admitting practically all prominent political and army leaders. Again in the State Council composed of such leaders either in or out of the Government there is provided something like a "safety-valve" for the accommodation and ventilation of views of the opposite sides: 3. A government by popular representation, founded upon the Kuomintang and manifested in the National Congress, from which the Central Committees take their status and governance.

Without going into the question of the soundness of the one-party rule which now obtains in China as a transitional measure for the attainment of a perfect democracy, it must be recognized that, with her people in political backwardness and the representative system in an inchoate state, China can fare infinitely better with the practice of the simpler and efficient one-party rule than that of the confused and distracted multiple-

(Continued on page 129)

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China's Answer to Japan's Charges

BY C. Y. W. MENG (孟 昭 水)

THERE are many charges made by the Japanese against China. Though Dr. Wellington Koo, the Chinese delegate to the League of Nations. has already refuted these charges, it is nevertheless incumbent upon us to answer some of them.

"Not An Organized State"

Japan claims that China is not an organized state and does not possess the qualifications laid down by the Mandates Commission for membership in the League of Nations.

Our answer is that China is not a disorganized state but is in a period of internal transformation—in the same stage as Japan herself was once in after the Restoration. When Japan was in that stage, would Japan call herself "not an organized state?" In order to show the similiarity of the situation in China today after her revolution and in Japan after the Restoration, we are presenting below a very brief sketch of Japanese history of that period.

The revolution of 1867 and the end of shogunate though definitely marking the beginning of new age in Japan, do not by any means indicate the coming into existence of a peaceful and stabilized Japan. There was no adequate machinery for carrying on the government under the new regime. It was then followed by a period of striving for the centralization of the administration. But as Kenneth Scott Latourette, a noted historian, in his book on the "Development of Japan," points out, "This centralization of the government, although relatively and strikingly rapid, was not the work of one year or of two, and was not finished until the middle of 1880. But it was not completed without a strugge with the forces of the old regime. The mass of the nation, it is true, was increasing in sympathy with the reform leaders, but nearly every step in advance met with violent opposition. It was some years before Westerners were entirely safe from the swords of anti-foreign rowdies and fanatics, even though the emperor had placed the strangers under his special protection. Irreconcilables haunted the unlighted streets and alleys of Tokyo at night and assailed unwary foreigners. Two samurai attacked the foreign escort of the British minister when the latter was on his way to his first audience with the emperor, The emperor's ministers were often in personal peril of violence from conservative agitators, and at least one, Okubo, actually lost his life at their hands. Not all the nation could see that the changes were wise. Many bitterly resented the abandonment of time-honored Japanese customs and methods for the foreign ways. Incipient insurrections broke out from time to time, only to be put down. Finally, in 1877, the opposition culminated in a well organized rebellion in the South, the suppression of which taxed the powers of the new government." (see his book, page 127-8).

The next absorbing interest in Japan was the constitutional movement, the formation of parties and party agitations, and the struggle between the parties and the Ministry, the struggle between legislature and executive, and between the Upper and Lower Houses. The ministry found it extremely difficult to carry out its task.

Japan's Battle for Independence

Japan once also considered the existence of extrality and a restrictive tariff as a mark of inferiority. The patriotic spirit of the nation could not willingly tolerate them. Moveover under extrality wrongs committed by foreigners on Japanese frequently went without redress and unpunished, and many of the consular courts, especially of the smaller nations, were poorly administered. Under the conventional tariff, too, the rate had been so manipulated by the powers that the average five per cent ad valorem really yeilded but half that much. Japan was in great need of revenue, and felt keenly the curtailment of her rights to raise it from this perfectly legitimate source. One of the first acts of the government of the Restoration was to plan for the removal of these restrictions, and in 1871, an embassy was sent to Europe and America to ask for it. Such a concession had never been granted by Christendom to a non-Christian power and since Japanese laws and law courts were yet to be reorganized, the failure of the mission was certain before it started. The agitation, however, had only begun. In 1878, the United States agreed to a treaty on the terms desired by Tokyo, but the document was not to go into force unless the other powers made similar concessions. This Europe was unwilling to do. Then the Japanese foreign office tried conferences of the Tokyo representatives of the powers. Two of these gatherings were held, one in 1882 and another in 1886, but both failed. Japan seemed to Westerners still unprepared to be trusted with full control over the lives and property of strangers. In the meantime the Japanese thinking public had taken up the agitation, and from the early eighties tariff autonomy and the abolition of extrality were vigorously demanded both from the press and the public platform. Halfway measures were denounced. A compromise, agreed to by the 1886 conference of the representatives of the powers and favored by the government, would have extended the jurisdiction of Japanese courts to foreigners, provided that all cases in which Westerners were involved should be submitted to courts to which foreign judges had been appointed. This concession the Japanese public would not tolerate. But finally, Japan succeeded in removing all these restrictions upon her sovereignty.

Japan was not united and peaceful until the outbreak of the first Sino-Japanese war in 1894 when factional interests were giving away to a spirit of patriotism; partisanship was abandoned in their attack on the common enemy; the diet united solidly in support of the government.

Exactly the same thing is now happening in China today. Internally, China is undergoing the internal transformation and struggle for the centralization of the administration and authorities. Externally, China is demanding the abolition of the unequal treaties and the cancellation of extrality, etc. In the course of the struggle for the centralization of the administration, it is inevitable that civil war might occur. China is a big country totaling more then 2,000,000 square miles exclusive of Mongolia and Tibet with immense population—no less than 450,000,000 people. If it took two decades to reform Japan, it should take at least two or three decades more to reform China in view of the size of the country and enormity of the task. It is entirely with this in view that the Nine-Power Treaty provides that "to the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government." Whether Japan has lived up to her promise to give such an opportunity to China the following historical accounts will show.

Japan's Meddling in Chinese Politics

Japan, through her delegate in Geneva, Mr. Matsuoka, told the world that Japan did not prevent the unification of China, citing instance after instance to show that Japan is really helping China. But we can cite many, many instances to show how Japan meddles in Chinese politics; how Japan really had prevented the unification of China; and how Japan really does not desire to see a strong China.

In the time of the Revolution in China in 1911, while Mr. Denison, the adviser to the Japanese Foreign Office, was negotiating in Shanghai with the revolutionaries, Mr. Matsui, was sent to Peking to help Ijuin, the then Japanese minister to China, to bargain for Japanese support of the Manchus against the rebels in Shanghai. This kind of "double dealing" has been characteristic of Japanese policy throughout the last twenty years. During the unsuccessful Second Revolution of 1913, the Japanese Government openly supported the Southerners against Yuan Shih-kai, to whom the well-known Twenty-One Demands were presented in 1915. In the latter year when opposition to Yuan Shih-kai's monarchical movement culminated in armed rebellion, General Tsai Ao, the military leader of the rebellion, went from Japan to Yunnan via Indo-China through Japanese help. Later on, the late Liang Ch'i-ch'ao was enabled to reach Kwangsi to incite the leaders there to revolt through the Japanese consul-general at Shanghai—he was hidden in a Japanese steamer and was taken there through Indo-China without a passport by a Japanese merchant. From 1917 to the downfall of Tuan Ch'i-jui in 1920, Japan consistently supported him in his campaign against the Southerners. The Nishihara loans, amounting to 100,000,000 Yen, were contracted by various Japanese banks at the order of their Government in addition to supplying Tuan with arms and ammunition. After the defeat of 1922, the late Chang Tso-ling obtained some 100,000 rifles from Japan and this enabled him to come to Peking in 1924. When his subordinate Kuo Sung-lin revolted in 1925 and was marching on Mukden, it was the Japanese who prevented him from reaching his goal and brought about his collapse. When the Nationalist army was about to occupy Tsinan in 1928, Japan, instead of withdrawing her nationals from the city, sent an army to protect them, and that army eventual-

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ly came into conflict with the southern army, and the subsequent occupation of Tsinan effectively stopped the southern advance, thus delaying China's unification. When Chang Tso-lin finally withdrew from Peking to Mukden in 1928, he was murdered in his train near Mukden. The British employees on the Peking-Mukden Railway will be able to tell us who were the murderers. When Chang Hsueh-liang decided to declare his allegiance to the Central Government, the Japanese authorities at Mukden did all they could to prevent him. As late as the autumn of 1931, a defeated rebel general who took refuge in Dairen was able to return to his home from Dairen in a Japanese airplane. This is sufficient to show that Japan has done her best to stir up civil strife in China. Japan's policy is consistently "divide et impera."

Mr. Pooley, formerly *Reuter's* correspondent in Tokyo, in his book "Japan's Foreign Policies" (London 1920) wrote as follows:

Japan's Subversive Actions

"The Japanese authorities, when they connived at the plotting on Japanese soil of Sun Yat-sen and his colleagues against the Chinese Government, had no intention whatever of assisting in the conversion of the Chinese political system from a monarchy to a republic. They were prepared to assist "sub rosa" any attempt to split China and to establish a republic in the South, in return for a suitable quid pro quo." Again: "The revolutionaries wanted some more arms, as General Baron Ishimoto, the minister of war, sold them Yen 3,000,000 worth from the Osaka Arsenal. The revolutionaries wanted some more money, the Okuragumi was encouraged to contract a loan on the security of the Shanghai-Ningpo Railway, although that line was already mortgaged to a British campany, The Nippon Yusen Kaisha was encouraged to put up Yen 10.000.000 on the security of the China Merchants fleet, and the Mitsui Bussan to advance money on a mortgage of the Hanyeh-ping concern."

Japan has claimed that conditions in China are worse than in 1922. On this point, we can do no better than to quote a passage from the Lytton Report when it says: "Although the spectacle of China's transitional period with its unavoidable political, social, intellectual and moral disorder, is disappointing to her impatient friends and has created enmities which have become a danger to peace, it is nevertheless true that, in spite of difficuities, delays and failures, considerable progress has in fact been made." Continuing, the Report says: "Although, at present the Central Government's authority is still weak in a number of provinces, the central authority is not, at least, openly repudiated, and there is reason to hope that, if the Central Government as such can be maintained, provincial administration, military forces and finance will acquire an increasingly national character. These, among others were doubtless the reasons which induced the Assembly of the League of Nations last September to elect China to the Council."

The above statement is sufficient to refute the statements made by Mr. Matsuoka that "China is now moving towards chaos, and that there is no propspect of termination of disorder for many years."

"Anti-Japanese Boycott"

To be brief, the economic boycott is only one form of the retaliatory actions as permitted by the International Law, generally taken by the weak against the strong, to redress the wrong. Actions, such as confiscation or detention of Japanese goods, bombing the Chinese shops selling the Japanese goods, murdering or detention of the Chinese merchants engaged in Japanese trade, etc., are merely incidental measures to make the retaliatory action effective and to let the wrong-doers suffer something. If China does wrong to the foreign nationals in China, the foreign power loses no time to send a few gunboats to Chinese waters to redress the wrong. The sending of the gunboats and the economic boycott are all retaliatory actions to redress wrong, the only difference being in one case it is an armed retaliatory action, while in the other it is a peaceful and economic retaliatory action. But when the foreign power sends gunboats to China, it does whatever it can to make its action effective, even by resorting to bombarding the defenceless city, killing hundreds of the innocent people and destroying much valuable property. So when the Chinese declare the economic boycott against the Japanese they have to take all sorts of actions to make the boycott effective. In other words, there is no question about the legality and justification of the Chinese economic boycott.

Did not Japan also resort to the economic boycott against some of the foreign powers when she demanded the abolition of the unequal treaties and cancellation of extrality etc.?

Our point is, that, as a matter of fact, the anti-Japanese boycott as practised in China is not an act of provocation as alleged by the Japanese, but rather as a response to provocative acts on the part of the latter. It must be remembered that a boycott is double edged, for it cuts both ways. On the one hand, it injuries the trade of the enemy, while on the other all Chinese merchants who have been carrying on such trade, are almost as badly hit as the Japanese. Nor is the Chinese consumer free from sacrifice. Many of our imports from Japan are necessities rather than luxuries. We buy them because they are cheaper than European or American goods. Take, for instance, the case of paper. Practically all the newspapers in China used for printing are of Japanese origin. Since the boycott, we have been obliged to import paper from Sweden which is much more expensive. It is unlikly therefore, that China would resort to a weapon which does considerable harm to herself, unless she has been sufficiently provoked as to think such a sacrifice worthwhile. We cannot think of a single instance in the history of the boycott when it was not an act of retaliation after having received attention and redress from the alleged wrong-doer. Take the anti-Japanese boycotts during the last five years. The first one occurred in 1928 after the Tsinan incident. As we have already explained, Japan sent an army to Tsinan nominally to protect her nationals when the Nationalists were about to occupy that city in their campaign against Marshal Chang Tso-ling. When a clash took place, the Chinese troops withdrew, and Japanese soldiers took possession not only of the city but also of the railway, thus effectively stopping the Nationalist advance. The Chinese considered that, in the first place, Japan had no right to send troops to Tsinan. If the Japanese residents there were in any danger, they could have been withdrawn to Tsingtao. Even when a clash occurred, it could have been easily settled as a local incident without preventing the Nationalist army from advancing north. Hence the boycott of 1928 which gradually died down as soon as Japan withdrew her troops. The second occurred in 1931 a few months before the crisis of September. As the result of a dispute between Chinese farmers and Korean laborers, a riot took place at Wanpaoshan in Kirin province. Japan at once sent there her gendarmes equipped with machine guns. In the meantime, exaggerated reports of Korean casualties sent out by semi-official Japanese news agencies so inflamed the Koreans in Korea that serious riots broke out in all the Korean cities against Chinese residents. Under the very eyes of Japanese police, 127 Chinese were killed, and 393 wounded. Over 3,000 were rendered homeless and had to be shipped to China at the expense of the Chinese government. When China protested and demanded compensation and apology, her demands were flatly refused. Thus began the boycott of 1931. Lastly, after the occupation of Mukden last September, a nation-wide boycott was organized with unprecedented intensity and within a few weeks Sino-Japanese trade dwindled to insignificant proportions. Thus all the three recent anti-Japanese boycotts were the effect of Japanese aggression and not its cause, and their intensity and success varied directly with the extent and magnitude of the Japanese provocation.

"Anti-Foreignism"

The Japanese claim that the Chinese are anti-foreign. Let us turn our attention to Chinese Customs Report of foreign trade between China and foreign countries. We could only find that the volume of foreign trade is increasing year by year, and that the one which is more amenable to the Chinese national aspirations is making the most rapid increase in the volume of trade with China. Germany's trade with China is now increasing far more rapidly than that of any other country with China.

Turning our attention to the number of the foreign nationals in China, we find also the number is increasing rapidly, not only in the treaty ports but in the interior of China.

Turning our attention to Sino-foreign joint enterprises, we find they are also increasing rapidly in number. The China National Aviation Corporation (Sino-American), the Eurasian Aviation Coporation (Sino-German), and the recently proposed National Sugar Refinery (Sino-Cuban), the Iron and Steel Works (Sino-German) and the Chemical Works (Sino-British), etc., are only few of many outstanding ones.

China extended its wholehearted welcome to the foreign trade missions to China with a view to improving the Sino-foreign trade. China employs large numbers of foreign

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technical experts and advisers in the government, and at present every ministry in the National Government has several foreign experts and advisers. China asked the League of Nations to send various commissions to China to help her in her efforts to transfer herself from an old China to a new China.

Where is the sign of anti-foreignism? If there were any anti-foreignism in China how could the Sino-foreign trade be developed year by year? Why are so many foreigners coming to China? How could the formation of so many Sino-foreign corporations be possible? It is because there is not only no anti-foreignism in China but there is a genuine desire on the part of China to open her doors widely to foreigners and foreign trade; there is every sign of Sino-foreign co-operation in working hand-in-hand to improve the present economic condition in the world. The removal of the capital from Peiping to Nanking is to emphasize the breaking away from seclusion, and the assumption by the National Government of its functions as a truly representative government of one independent and sovereign nation. In other words, Japan may go on to say the worst of China, but Japan could not cover up the truth and the world will know that these charges are all unfounded and are only wilfully manufactured by the wrong-doer plaintiff to justify his attack against the innocent defendant!

Nanking, Dec. 10, 1932.

THE NATIONAL GOVERNMENT IN NANKING: AN APPRAISAL

(*Continued from page 124*)

party system, as shown in other countries. Nor can the Chinese Government ever become autocratic or dictatorial. Even now Chinese political life has advanced too far to allow of lapses to such bugaboos as monarchy or dictatorship. The historical tradition accumulated for the past thirty years can well furnish a cogency to set that kind of fear at rest. Just now, able and energetic leaders as executive heads may find means ready to hand to push through drastic measures in the interests of national reconstruction. But this by no means warrants the supposition that they harbor the intention of becoming dictators. The rise and fall of the warlords during the past twenty years must make any sensible political leaders know better.

Now, the Nanking Government by Committees and Councils affords a permanent and stable governance which no one-man rule can ever hope to attain to. After the swashbuckling regimes of the warlords, this Government seems to be the best for the training of democratic statesmanship to pull the country through. In the central organs individual members may be absent, resign, or secede, but their corporate existence and authority cannot be impaired or shaken, so long as they can enlist the support of the Party. They can always be put on the spot and bear responsibility for their acts. Dissensions and malcontents may arise, but ways of compromise and adjustment can always be effected within the stable yet flexible structure. The leaders have begun to learn the art of government by discussion, and by mutual compromise and self-restraint they pick their steps through the tortuous ways of politics and get things done.

Nanking, December 9, 1932.

Hulutao Harbor Work to Be Taken Over by Manchukuo

A recent *Rengo* message from Mukden stated that the construction of port facilities at Hulutao, at the terminus of the Tahushan-Tungliang Railway, will be temporarily suspended on payment of part of the loan by the South Manchuria Railway Company to the Dutch company who undertook the project. The work is to be taken over by the Manchukuo authorities.

Inspection to Be Made of China's Fortifications

An inspection of all forts and fortifications throughout the country will be made next month by a special commission to be composed of representatives from the various Ministries, the Inspectorate-General of Military Training, the General Staff, and the Artillery and Military Engineering Schools of the Central Military Academy. The guns of the various forts will be tested in the course of the inspection, and notification to the public and steamship companies is being made accordingly.

Chinese Observer Sees Increased U. S.-Japanese Tension Over Manchurian Issue

BY HOLLINGTON K. TONG

(The following article by a well-known Chinese writer appeared originally in The China Press, Chinese owned newspaper at Shanghai of which Mr. Tong is Managing Director.)

ANOTHER repercussion of the Japanese invasion of Manchuria in 1931 was manifested in the demand of United States Secretary of War Patrick Jay Hurley that the regular army should be increased from a total of 12,000 officers and 118,000 men to 14,000 officers and 165,000 men, with more pay and modern equipment.

What has caused this demand at a moment when the nations are striving more than ever to come to some agreement to disarm?

The answer is found by recalling some events of recent occurrence. Mr. Hurley early this year visited the Philippines, and gained personal knowledge of the danger in which the islands stood if the shield of American protection were prematurely withdrawn. A significant reference to this danger is made in Mr. Hurley's report to the President, but with this aspect of the matter, I am not concerned at the moment. It is the proposed increase in the size of the army that calls for immediate consideration.

MacArthur Urges Increase

Mr. Hurley's demand is based on a recommendation made by General Douglas MacArthur, chief of staff of the United States Army, which in its turn is based upon developments directly consequent upon Japan's military adventure in Manchuria. Further echoes may soon be heard from other lands. Despite the disarmament conference at Geneva, a revival of competitive armaments among the nations of the world can now be visualized. The only alternative is an international joint movement to coerce Japan to respect the treaties and abandon her mad military adventure in China's northeastern provinces.

With reference to the disarmament question it also is of interest to record the fact that the entire U. S. Fleet is now in Pacific waters and according to latest report instructions have been issued for the fleet to remain at Hawaii until March of next year.

Treaties Held Untrustworthy

General MacArthur's explanation of the proposal for an increased U. S. Army discloses a fear that, in an effort to support her pretensions in Manchuria, Japan may further disregard every kind of peace instruments and even make war upon those nations which defend the sanctity of international engagements. He said: "The tense situation in the Far East has emphasized again the untrustworthiness of treaties as complete safeguards of international peace. This view is supported by the appreciation of the potentialities in the Sino-Japanese conflict for a widespread disaster which gave rise to a feeling of apprehension among portions of our population as to the adequacy of our defense structure."

The news of the suggested increase of the American land force was made public a few days ago in Washington, D. C. General MacArthur privately expressed the belief that it would be better for all concerned to have the subject of national defense and its relation to the Chinese-Japanese conflict brought out in the open. The fact that he is not one of the "outspoken" officers of the army makes more significant the strong attitude he has assumed. On account of his intimate knowledge of Far Eastern affairs, and especially the military problems in this quarter of the globe—he served in the Philippines thrice and at one time was military attache in Japan—he is in a better position to gauge Japan's real menace to the world peace.

Mysterious Trip Made

In September and October of this year General MacArthur made a mysterious trip through the Balkan and Baltic states, which was regarded as virtually unprecedented for an American chief of staff to undertake in peace time. His present recommendation sheds some light on this journey. The trip aroused extensive speculations, ranging from rumors of negotiations with the U.S.S.R. to reports that his mission was of an anti-Soviet military nature.

General MacArthur, it might be recalled, hurried to Europe immediately after the so-called "battle of the bonus" at Washington and went directly to Poland where he attended the annual Polish army maneuvers. Later he went to Rumania where he was the guest of King Carol. In both Poland and Rumania he was apparently much interested in a study of the military situation along the Russian-Polish border. It was speculated that the American chief of staff was making this study in connection with the disarmament conference, and also in connection with a possible Japan-Russian war. In the case of a Russian-Japanese war, Polish and Rumanian military support for Japan is considered as highly essential.

Kamchatka Base Rumored

There was another report in circulation about the object of General MacArthur's mission. It was alleged that the American chief of staff was making a study of the possibility of the establishment of an American military and naval base on Kamchatka peninsula, which belongs to Russia. For a de jure recognition of the Soviet Union, as well as for the admission of Russian bonds on American exchanges and the authorization given to American banking institutions to discount Russian bills at normal rates, Soviet Russia was said to be prepared to consent to the establishment by the United States of a military base on Kamchatka, the most southern point of which is only seven miles from the Japanese Kurile islands.

During the stay of the American chief of staff in the Balkan and Baltic states, there was, according to news from Tokyo, a sort of Japanese quasi-military mission in Poland apparently conducting some secret negotiations but actually engaged in watching the mysterious movements of General MacArthur, Japanese intrigues apparently centered in the accentuation of hostile sentiment between Poland and Russia, so that in the event of a Russian-Japanese war, Japan would be able to seize Siberia without much difficulty while in the event of a Japanese-American war, Russia would be compelled to maintain sufficient troops in the west in order to guard herself against Poland, and would not dare to move against Japan in Manchuria.

The conclusion of a non-aggression pact between Russia and Poland and later of a similar pact between Russia and France appears to prove the failure of Japanese activities in that direction.

Feeling In Japan Hostile

Regardless of these rumors about complicated international reorientations, one fact stands out prominently when General MacArthur's recommendation for a 40 per cent increase in the enlisted strength of the American army and public apprehension concerning the Far Eastern situation given by him as his reason for the recommendation are considered.

The press give a good cross-section of public opinion in Japan towards the United States during the last 11 months. Various prominent leaders in Japan, either military or civil, gave out public statements in the first half of the year to the effect that they would be ready to fight any nation if it should interfere with their expansion program. Several responsible newspapers in Tokyo and other important Japanese cities declared openly that war with America is inevitable and is coming and coming very soon.

Spy Scare Ridiculous

Even before the return of General MacArthur from his European trip to America, the Japanese authorities had been busy hunting down international spies. A great

clamor was made about the Osaka branch of the National City Bank of New York securing photos of strategic points of Japan, which the Japanese authorities made out was being done at the request of the War Department in Washington. It later turned out that the head office of the bank merely requested its branches, not only in Japan but in other countries in Asia, to send photographs of the various large cities, big buildings, broad thoroughfares and so forth in order to convince Americans that important business opportunities were awaiting them in Asia.

Following the Japanese discovery of these so-called American spy activities, nearly all the newspapers in large cities as well as in the Japanese provinces, gave much space to the activities of foreign spies and especially the spies of "a certain country" (a guarded reference to the United States), which was supposed to be concentrating all its efforts on securing information regarding aerial defense plans, land and marine transportation, surveying the leading ports, bays and fortified zones, for which purpose business establishments of that "certain country" were alleged to have blossomed forth into numerous branch offices and most of these branch offices are located near strategic points and fortified zones.

Two Americans Nabbed

The widespread Japanese net for foreign spies resulted in catching two Americans, namely, "Lefty" O'Doul of the Brooklyn Dodges, and Joseph Cohen, sports writer of San Francisco, near a fish market, who were found taking pictures of some boatmen. The fact that they had permission to take pictures failed to impress the policeman, who insisted upon taking them to headquarters. O'Doul refused to go to headquarters unless he could ride the policeman's bicycle. His wish was finally granted, and pedestrians were treated to the humorous sight of a policeman and one of his suspects walking along the sidewalk while the other suspect rode the bicycle.

Simultaneously came the news that a mystery ship followed the American fleet in the Pacific Ocean during the latter's maneuver. The mystery ship was named the "Question Mark" by the American naval officers who believed that it might be a disguised destroyer of some other nation. The "Question Mark" followed the American fleet for one month, and remained always 12 miles away from the American vessels. Officials at the Navy Department said that in recent years it had occasionally occurred that a ship of undetermined nationality had been seen while the American naval vessels were engaged in maneuvers. Questions as to whether the mystery ship in the Pacific could possibly be a Japanese vessel were not answered in Washington, but a later explanation that the "Question Mark" might be one of the 1932 models of rum boats only served to enhance their interest.

Secret Plans Stolen

In October, another sensational event occurred in Honolulu. Following one of the most remarkable army intelligence investigations, two American soldiers were arrested on charges of removing confidential army documents from the files without permission. From sources close to the intelligence department, it was learned that the soldiers had taken the documents to a bungalow at Waikiki beach, famous swimming and boating resort, where a fully equipped plant for drafting and blueprinting military maps was installed. Evidently they were prepared to sell the confidential maps to some foreign nation. It was said on good authority that the soldiers hoped to sell the maps to Japan first.

Shall we construe Mr. Hurley's demand for a substantial increase in the strength of the American land force as a veiled reply to Japan's provocative war talk deliberately directed at the United States of America? Since her military occupation of an area of Chinese territory equal to the whole of France and Germany, Japan has not tried to conceal her determination to challenge America should that nation insist upon the restoration to China of Chinese sovereignty over Manchuria. Action produces reaction. The latest, and possibly the most serious repercussion of the Japanese seizure of Manchuria is indicated by the vigorous demand of the United States secretary for war that the strength of America's standing army should be materially increased.

"The Seaboard Route to the North"

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Four Years' Transformation of Shanghai

BY HARRY PAXTON HOWARD

IT is rather startling for a former resident of Shanghai to return to the city today after an absence of a few years. Such a remarkable amount of building, street-cutting, and general expansion has been carried on as to make one wonder if there is any other city in the world (excepting, perhaps, Moscow) which has undergone a comparable development. At times one is bewildered, searching for familiar landmarks in streets which seem utterly transformed. One feature after another brings to the attention a growth which is quite out of line with the depression and economic decline apparent in most of the world today.

The returning prodigal, coming in from the North Station after three or four years away from Shanghai, will find changes along Range Road, even before reaching North Szechuan Road. Along the latter street, however, he will find most marked changes, with tall modern buildings where so recently stood the little Apollo Theater and adjoining shops, and as he moves south he sees, from time to time, other new structures, most striking of which will be, as he reaches Soochow Creek, the enormous Embankment Buildings, with their thousands of rooms divided into hundreds of apartments. South of the creek, the old Lyceum Theater is gone, and big new buildings line both Museum Road and Yuen Ming Yuen Road. And so on as one moves south and west, with new and taller edifices scattered everywhere, including office buildings, apartment houses, hotels, humbler dwelling houses, and other structures in remarkable variety.

Blaze of Lights

But if the visitor arrives at night, he will be most bewildered by the blaze of lights along the streets, more, it seems, on the main Chinese streets than on the others. Nanking Road is dazzling, with a brightness greater than that of day, and the splendid towers of the big Chinese department stores to the west are striking creations. The old Town Hall is gone, and a row of good-sized shops, in a big new building, has taken its place. Back on Foochow Road and other streets there are blocks which, with both new construction and new lighting, are almost unrecognizable, and the same applies to much of Bubbling Well Road, as well as to many other streets.

Here as elsewhere the increased density of traffic, and the number of motor-cars, is to be noted. There is evident an enormous increase in autos, including both private cars and taxis. It is only in the past few years that the hire car has emerged from the seclusion of the garage, whence it could only be drawn by more or less patient telephoning, and begun cruising along the streets looking for "fares," quite like the humble ricsha-man. The number of garages has increased greatly all over the city.

Western Districts

Opposite the Race Course, both along Tibet and Bubbling Well Roads, there are new buildings, and the Neon blaze at night is a most beautiful thing. But there are some changes which bring twinges of regret. The "new" Carlton Cafe and the Majestic Hotel, with the two most beautiful ballrooms ever created in this city, are gone. The Carlton Theater remains, also the splendid room which is now a cabaret; but the main ballroom itself, with its exquisitely beautiful ceiling and panelling, is gone. Perhaps the present reconstruction will spare the ceiling. One can only hope so.

But of the Majestic Hotel nothing is left. The lovely structure and its magnificent ballroom are utterly gone, torn to pieces after a few short years of existence to put up buildings of humbler type to serve other needs. All along Bubbling Well Road new buildings have gone up. What was once the long block between Mohawk and Carter Roads has been utterly transformed, and broken into by streets cut through from both sides (a great advantage from the viewpoint of getting around easily), while big new buildings are up on the corners, with shops, hotels, and apartments.

On the back streets most of the old brick houses are still standing, but there is a change even here. Most of them seem depressed, discouraged, as if they felt themselves outdistanced and outdated. One enters such a street with a feeling that here, after all, there is something familiar, that here at least little has changed. But on the steps of the old boarding-house one may notice that the verandah looks neglected, and the windows dirty or broken, and then sees that there is a bar across the door, and the house is empty which had been occupied continuously for so many decades before. Or one finds in another street, instead of the familiar, rather vulgar and tasteless but comfortable and clean rooms of old, frowsy and half-neglected rooms, run by frowsy and evidently-neglected women from God knows where. And one realizes that the old red brick Shanghai boarding-house is going, if not yet gone. It wasn't very lovely or very artistic, in general, but it was often comfortable and clean and homely, and a much better place to live in than a lot of people possess at present. But these, of course, are the reflections of a homelover, in whom the ancestral time-lock is evident, and who will undoubtedly be branded as old-fashioned and reactionary by all good denizens of apartment houses. So he hastens to admit that the latter buildings are an indubitable sign of progress, quite as unquestionable as radio, traffic cops, and home brew, and apparently as inevitable. And so the old order changeth.

Zoning and Frenchtown Building

A very interesting thing is the erection of buildings with the style of architecture resultant from New York's zoning regulations. While this has not yet become an urgent necessity in Shanghai, it is unquestionably an improvement from the viewpoint of air and light, and a preparation for the days when more of Shanghai's business streets will resemble some of New York's downtown canyons. The style itself gives opportunities for some striking variations, and grace and beauty of outline of a special type. Most of the buildings that have been put up on these models are distinct contributions to architectural beauty in Shanghai.

One notices with special interest the straightening out of Avenue Edward VII. This process, of course, has been going on for a number of years, but it is only recently that the old serpentine has really begun to assume sufficient straightness to enable one to see more than a few hundred yards down its length. And not only has the avenue been altered in form, but the many big new buildings along it give it an impressiveness which the brilliant lighting transforms into splendor and beauty at night.

That Shanghai has been moving westward there is no doubt. This is evidenced first of all in the development of Avenue Edward VII beyond Tibet Road, and the big new cinemas and cabarets here and further west, none of them more than two or three years old. Particularly has Avenue Joffre developed, and a prosperous Russian community grown up. Where several years ago there were boarding-houses, a few private residences, and a number of small houses and shops, there is now a busy business street, extending far to the West along Avenue Joffere, and with offshoots along the cross streets.

Russia in Frenchtown

The manner in which the Russians have come up is striking. A few years ago the Russian shops were mostly small, struggling, cheap, and subsisting almost wholly by the patronage of fellow-Russians. Today a number of these enterprises have grown into big affairs with a business turnover of tens or even hundreds of thousands yearly, and patronized by all nationalities. There are still small and struggling concerns, but it is interesting to note that the general economic importance of the Russians is much greater than it was, while many of the small enterprises are now Chinese-owned and managed.

Many Chinese, in fact, have acquired a taste for Russian food, just as others have acquired the capacity for preparing it, and there are now scores of restaurants with Russian names, and with Russian signs outside, but run wholly by Chinese (usually Russian-speaking), and patronized by both Chinese and Russians. These places already outnumber the Russian restaurants run by Russians, and show how Chinese enterprise is making its way even here.

But far beyond this, out Avenue Joffre, Rue Lafayette, and other streets, building has been going on, and hundreds of residences and scores of apartment houses gone up. And here, as elsewhere in the city, the new structures include thousands of places for use as shops and humbler dwellings. There has truly been a most remarkable development and expansion of Shanghai.

"Business is Rotten"

There is a strange contrast between this boom in building and the generally declared poorness of business. While most business men find things slack, yet, it seems, there is enough to carry on with, so much so that the new office buildings, with thousands of offices, are filled with little delay, and the same thing applies to residences and apartment houses. It seems clear that the population of Shanghai has increased considerably in the last few years, and is steadily climbing.

Shanghai, of course, is in a peculiarly favored position. It has already been remarked that the city's business thrives from all the trade for this part of China, and the better business is in general the better are conditions in Shanghai. But on the other hand, when conditions in the interior are especially disturbed, whether by civil war, banditry, famine, or Communist or other revolts, wealthy Chinese move into Shanghai and settle there either temporarily or permanently, adding both to the population and prosperity of the city. Shanghai, therefore, gains both coming and going, and though business is almost unanimously conceded to be rotten, it is probable that more business enterprise, and more business men, are maintaining themselves in Shanghai now than ever before. It is possible, indeed, that the increasing number of business enterprises itself leaves less for each competitor. And there is no doubt that the business of many foreign firms has been seriously cut into by the rise of Chinese firms with direct dealings abroad.

Another Area

But if the returning prodigal confines his attention to the areas south of the North Station he has missed a lot. For together with this great boom and expansion, and the big new buildings, cinemas, cabarets, Neon lights, and all the rest of it, there is something else which he will find fully as striking—the utter devastation of what was only last year a busy, active, and congested area housing hundreds of thousands of persons, and which is now a great mass of ruins. This is the area where the military men of Japan, proudly taking on the burden of spreading modern civilization in China, devoted day after day and night after night, for weeks on end, to turning a populous city into a waste. Here, north and west of the Shanghai-Woosung Railway, one can wonder among acres upon acres of ruins. Here and there only, in this devastated district, some little huts have been patched up, or some new buildings put up which house a few shopkeepers and others who have plucked up the courage to settle again in the area so fearfully ravaged last February and March, but these only accentuate the surrounding desolation. Here there are scarcely any landmarks. All is ruins. Traffic policemen stand on street-corners where there may be a few walls standing—the mere shell of a gutted house,—or where there may be nothing around but piles of brick and plaster. One can look over this waste almost as far as the eye can see, with nothing in sight but ruins, here and there a pitiful wall raising itself above the general ground level. Further west there can be made out houses, and some factory chimneys, but in trying to reach these areas one finds that they may be a mile or so away, and on getting there it is found that these also have not escaped damage, except in a few spots. Some places here may be standing, but others are smashed and ruined.

As far north as one can go the devastation continues. The splendid Commercial Press, and its precious library and social welfare building, are a broken wreck. The little church to the south of it has been rebuilt, but the old Russian church near Tientungan remains a ruin. Some of the bridges across the creek are passable, others are broken and have been left so, for there is not much use in simply crossing from one heap of ruins to another.

West and northwest of Tientungan station, the pretty little terraces erected several years ago are either wholly or partly destroyed. Many foreigners lived in these new and cheerful little homes. The writer visited one of these, where he had met Christmas some years ago, and viewed a heap of ruins, the walls half-standing but the building completely gutted. Next to this terrace, however, was an old Japanese cafe and garden, apparently quite intact.

A Growing City

That Shanghai has grown decidedly in the last few years there is no doubt. There are almost certainly more people in the city now than there have ever been before. There has been an extraordinary amount of building, and shops, office buildings, apartment houses and other dwellings for Chinese and foreigners, including persons of various degrees of wealth, have grown apace, while new cinemas, restaurants and dance halls have increased in number, size, and extent of distribution, and Neon lighting has quite transformed the appearance of the city at night. But there is a considerable area where there are none of these things, but only desolation and ruin, where Japan's militarists have been demonstrating their claim to be a state in the modern sense of the word, with the noble mission of bringing civilization to the Far East, and where even the dogs have disappeared from the devastated and ruined streets where was once a busy hive of life and industry.

Shanghai, Dec. 12, 1932.

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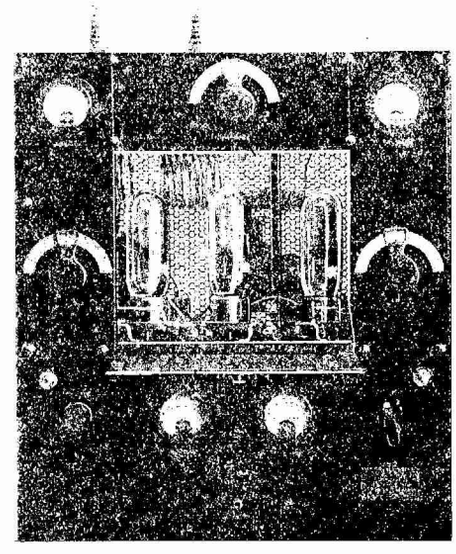

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The Shanghai Court Problem and Urgent Necessity for Solution

BY HOH CHIH-HSIANG

The real objective of British interests in Shanghai with regard to the Shanghai District Court issue was disclosed in debates in the House of Commons on Dec. 12 wherein various Conservative members demanded the abolition of the present District Court and a re-instating of the old notorious Mixed Courts. At least two members of the House admitted that such recommendations had been sent to London by British organizations at Shanghai. However, there was some satisfaction in the report which quoted Sir John Simon as declaring "such a step would not be in the true interest of the British community at Shanghai."

WITH the year of 1932 coming to its close, the time is drawing near when the Chinese Law Courts functioning in the International Settlement are due to undergo another change of status in their eventful career. The present Agreement concluded in 1930 between the Chinese Government and representatives of interested Foreign Powers providing for the establishment of the Shanghai Special Area District Court and the Second Branch of Kiangsu High Court in place of their predecessor, the Provisional Court, will expire on March 31, next year. It is understood that negotiations have already been initiated between the parties concerned to consider a revision of the Agreement. While reports from Chinese sources are somewhat conflicting at the present moment, some quoting the vice-Minister of Justice, Dr. F. T. Cheng as advocating the conclusion of a new pact and others alleging that Dr. Lo Wen-kan as Minister of Foreign Affairs is recommending an extension of the existing Agreement for another three years, it seems that from the Chinese point of view in general the present arrangement under which the Courts are functioning is prejudial to Chinese interests in many respects and a revision of some provisions of the Agreement is considered highly imperative. However in any case whether there will a revision or an extension of the present Agreement, it remains that several important issues involved in the satisfactory working of the Courts have to be solved sometime, if not at present.

In the event that a revision should be advocated by both parties, the Chinese authorities will certainly demand among other things the absolute integrity of the Courts as judicial institutions and the purgation of foreign influence as now being exercised by the Municipal Council through the agency of the Municipal Police. On the other hand, it seems equally certain that the Foreign Powers and the foreigners in Shanghai, especially Britishers of the "die-hard" group, will attempt to impose more restrictions on the authority of the Courts and agitate for a return to the good Mixed Court days when the Court served as a subservient tool to the Municipal Council. The possible outcome of the negotiations in meeting the two incompatible and irreconciliable demands will again be a compromise dissatisfactory to both parties, leaving the same old issues to be thrashed out in uncertain future days. In tackling such a problem at present, China finds herself laboring under a very unfavorable situation because of her present serious national crisis which will certainly be taken advantage of by the Foreign Powers and likely make success in winning her demands a very doubtful and uncertain contingency. Furthermore, in order to conciliate the Foreign Powers and secure their moral support of China's case at the League of Nations in connection with the Japanese occupation of Manchuria, it would be diplomatically inexpedient for China to press too much on her demands. The contemplated revisions of the Agreement by Chinese Authorities already have been made a subject of debates in the British House of Commons on several occasions. In view of these considerations, it seems probable that the National Government may favor an extension of the Agreement for another three years. although definite information regarding this point at present is lacking.

In view of the general interest of the public in this subject, it seems appropriate to give a detailed considerstion of the merits and demerits of the present Agreement which is due for revision. However to appreciate the present situation necessitates an understanding of the past. For this reason, a brief review of the history of the Courts from the days of the Mixed Court would seem to be conductive to still better understanding and serve to emphasize the need and importance of a purely Chinese judicial institution in the Settlement for administration of justice and protection of Chinese residents.

The Mixed Court

The Mixed Court or the Mixed Tribunal, as it was originally called, was primarily a Chinese Court. It was established on May 1, 1864 as a result of the agitation of the then British Consul-General in Shanghai and was first quartered at the British Consulate with a Chinese Magistrate and a British Assessor. At its inception, the constitution of the Court was very vague and undefined and not until 1869 was a set of regulations drawn up governing the functioning of the Court. Those regulations provided that the Court should have jurisdiction over mixed cases and also Chinese civil and commercial suits. When foreign interests were involved or when the peace and order of the Settlement was affected, a foreign assessor sat with the Chinese Magistrate to watch the proceedings and his concurrence was necessary for the validity of the judgements. But when both litigant parties were Chinese, the Chinese Magistrate sat alone and adjudicated the cases independently. However, gradually, the foreign assessors became aggressive and made impassioned attempts to usurp the authority of the Chinese Magistrate. When Shanghai fell into the hands of the Revolutionary Forces during the First Revolution of 1911 and the Mixed Court was declared closed for a time pending the subsisdence of the attendant confusions and turmoil, the Consular Body in Shanghai capitalised the opportunity and forthwith seized the control of the Court. The Municipal Police entered the prisons and house of detention and took over the control of the Court premises. The tangible results of the Consular Body's action in usurping the control of the Court, as summarized by A. M. Kotenev in his book on the Mixed Court, were: complete independence of the Court from the Chinese judicial system and thus the City Authorities of Shanghai, the presence of foreign assessors watching proceedings in purely Chinese civil cases, recognition of possibility of foreign interests being involved in Chinese matters and appointment of a foreigner as Registrar to take charge of the financial administration of the Court. Consequently, the Court passed into effective control of the Consulay Body and the Municipal Council and formed an integral part of the extraterritorial jurisdiction of the Treaty Powers.

During the years from 1911 to 1927, the Court was under such a firm grip of foreigners represented by the Municipal Council that it had lost its entire identity as a Chinese tribunal and become a purely foreign Court. The Chinese magistrates shorn of their former authority became merely paid servants of the Consular Body and their presence was nothing more than a formality. During those same years, many abortive attempts were made by both the former Peking Government and the local Chinese authorities for the rendition of the Court to Chinese control, but the foreign diehards consistently opposed the Chinese claim and remained impervious of negotiations. It was not until after the occurrence of the May 30 Affair of the 1925 when the surging tide of nationalism swept across the entire country and the strong pressure of the whole nation was brought to bear upon this question that foreigners began to yield. In the Summer of 1926. when Gen. Sun Chuan-fang was dominating Kiangsu Province, a serious discussion of this matter was initiated between the representatives of the Kiangsu Provincial Government in the person of Dr. V. K. Ting, then Director-General of Shanghai Municipality and Hsu Yuan, Commissioner of Foreign Affairs at Shanghai and the Consular Body. It was only after many strained negotiations that an agreement was finally reached providing for the conditional rendition of the Court to the Chinese authorities and the establishment of the Shanghai Provisional Court in its place.

The Shanghai Provisional Court

The conclusion of this Agreement marked an important stage in the evolution of the Court from purely foreign control into the status of Sino-Foreign joint administration. The new arrangement was a compromise, but not a solution. The Agreement became operative on Jan. 1, 1927 and remained in force for three years until 1930. The high points of the document which may be considered as in

Chinese favor were the curtailment of the authority of the foreign Deputies who sat with the Chinese judge not as assessors, but merely to watch the proceedigs in Mixed Cases with no right to insist on their concurrence for the validity of the judgement rendered by the Chinese Judge, the complete independence of the Chinese Judge in adjudicating purely Chinese civil cases, the appointment of officials and judges of the Court by the Chinese government, instead of being merely accepted and paid by the Consular Body. Set against these plausibly meritorious points were glaring defects of the Agreement. In general, the most dissatisfactory feature was that the Court remained more under foreign control than Chinese. Among other objectionable features, the first and foremost must be ascribed to the continued presence of the foreign deputies in the Court which was not only derogatory to its dignity but also highly incompatible with the principle of judicial integrity of China. Secondly, the Agreement conferred vast powers on the Municipal Police and placed under its control all the prisons attached to the Court with exception of the House of Detention for civil cases and the Women's Prison, and also the control of the judicial police created under the Agreement whose members were detailed from the police force. This provision of police participation in the functioning of the Court was most prejudicial to the interests of the Court. As was provided in the Agreement, the Police constituted the sole medium through which the whole machinery of the Court was set in motion. The Court was thus to a great extent at the mercy of the Police and its machinery might cease functioning at any moment, should the Police choose to withdraw their co-operation or defy the authority of the Court. During the operation of this Agreement, many instances of defiances of the authority of the Court were recorded in its annals, the most glaring of which was the unwarranted raiding of the Intelligence and Publicity Office of the Ministry of Foreign Affairs by the Police without the previous knowledge of and first obtaining a search warrant from the Court authorities. The third objectionable feature was the appointment of the Chief Foreign Clerk of the Court who was entrusted with the control of financial affairs and general administration of the Court. Fourthly, while Chinese Law was presumed to reign supreme in its application in the Court, this provision was however conditioned with the condition that "due account must be taken of the terms of the Agreement and of such established rules of procedure of the Mixed Court as agreed upon."

The Provisional Court functioned for three years—years which witnessed the triumph of Nationalism in China and the taking over of the Shanghai district by the Nationalist Forces from the Northern militarist, Gen. Sun Chuan-fang. Upon expiration of the Agreement in 1930, Dr. C. T. Wang, then Minister of Foreign Affairs, took the matter in hand and initiated negotiations with representatives of the interested Powers which resulted in the conclusion of the present Agreement, providing for the abolition of the Provisional Court and the establishment of the Shanghai Special Area District Court and the Second Branch of Kiangsu High Court to serve as its appellate organ.

The Courts Under 1930 Agreement

The 1930 Agreement which is due to expire shortly after having been in force for three years constitutes another important milestone in the history of the evolution of the Courts. While some minor points of dispute were settled, the main issues remain unsolved. Like the previous Agreement, this document is again a compromise, which continues to sustain the status of the Courts as a semi-Chinese judicial institution with the Municipal Council still exercising a considerable amount of influence over its functioning. The Agreement is characterised by several significant provisions. As a decided achievement on the part of China was the discontinuance of the presence of foreign deputies to watch the proceedings in the Court in all cases, whether or not such involve foreign interests or affect the peace and order of the Settlement. Secondly, as a contrast with the Provisional Court Agreement wherein the power of initiating and undertaking prosecution in Criminal cases and the authority of holding inquests and autoposis lodged entirely in the hands of the Municipal Police, the present Agreement provides for the appointment of a number of procurators by the Chinese Government who shall perform the above duties and other functions in accordance with Chinese law involving the application of the articles 103-186 of the Criminal Code. To this provison, there are attached several exceptions which provide that the procurators shall have no jurisdiction in cases where the Municipal Police or the party concerned

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has already initiated prosecution, in others which the Municipal Police or the party concerned alone shall prosecute and in all criminal cases in which prosecution is initiated by the Police or the party concerned, the procurator shall have only the right to express his views in Court. Thirdly, as a slight modification of the provision of the Provisional Court Agreement, the officers and members of the judicial police, who under the previous arrangement were merely detailed from the Municipal Police, are now appointed by the authorities of the Courts upon the recommendation by the Municipal Council. They are to be subject to the direction of the Courts, but they must be recruited from the Municipal Police force and headed by a foreigner. Fourthly, while the House of Detention for civil cases and Women's Prison which are housed in the Courts' premises have been transferred to the Chinese Authorities under the Agreement, the Men's Jails and Women's Detention House remain under the control and administration of the Municipal Police. Fifthly, foreign lawyers are, under the present Agaeement, admitted to practice in the Courts in cases where a foreigner is a party. The Municipal Police may also be represented in the same manner by foreign or Chinese lawyers in any proceedings in which the Municipal Council is a complainant or plaintiff or the Municipal Police is the prosecutor.

Thus, judging from the foregoing provisions. the Courts as constituted under the present Agreement are to a large extent still subject to foreign influence exercised through the Municipal Police. What the Chinese have apparently won under the existing Agreement are in most instances conditional but not conclusive. So long as the last vestige of foreign influence remains, the status of the Courts will continue to constitute a source of dissatisfactory relationship between the Chinese and foreigners in Shanghai. In order to maintain the integrity of the Courts as judicial institutions and relieve them of their dependence upon the police, it is first essential and imperative that an independent force of judicial police should be created under the sole and complete control and direction of the Court Authorities to replace the existing arrangement. The officers of the present judicial police attached to the Courts have been trained largely for the purpose of carrying out duties as ordinary policemen and are in many ways unfit to perform the functions of judicial police. Further as they are recruited from the Municipal Police and headed by a foreign policeman, they consider themselves more as members of and dependent on the Municipal Police force, than form a special body of the Courts. Secondly, as it is provided in the present Agreement, the authority of the procurators is too limited to enable them to perform their duties fully and much of the power properly belonging to them is arrogated by the Police, as in in many cases, the Municipal Police alone can initiate prosecutions. This limitation operates unfavorably on the party concerned and at times is detrimental to the interests of the Chinese Government. For in cases in which only the Municipal Police have power to initiate prosecutions, as those involing the application of certain enumerated articles of the Criminal Code, if the police in such cases do not or refuse to prosecute, the party concerned will have no remedy. And in cases involving the interests of the Chinese Government, in which the Government could not initiate prosecution itself, if the Police decline to act, the Government would be helpless. So, in order to prevent such contingencies, this provision should be revised so as to confer all the powers on the procurators to enable them to perform the duties belonging to them while the police should only carry out their duties as police and refrain from interfering in such matters. Thirdly the continued control of the Municipal Jails for men and women's detention house by the Police, constitutes another source of dissatisfaction to the Chinese authorities. Not only is such a situation incompatible with the integrity of the Courts, but it also renders it impossible for the application and enforcement of prison rules to Chinese prisoners. At present, the management or mis-management of the prisons is entirely left in the hands of the Police. The usual benefits of education and vocational training as are given to prisoners in Chinese prisons are not fully accorded to the prisoners serving sentences in Municipal Jails. Fourthly, the privilege of foreign lawyers to practice in the Courts under the existing Agreement should be withdrawn, as it is considered a matter of unfairness and discrimination as well as repugnant to the principle of judicial intgrity that while Chinese lawyers are debarred from appearing in foreign courts in Shanghai in cases involving Chinese interests, foreign lawyers should be unrestrictedly admitted to practice in Chinese Courts.

The foregoing four points, domination of the Courts by the Municipal Council through the agency of the Municipal Police, control of the prisons by the Police, restrictions placed on the authority of the procurators, and presence of foreign lawyers, constitute what I consider the main issues involved in the revision of the present Agreement. They are issues which must be settled eventually, if not at present. The one and dominant aim of the Chinese authorities should be the establishment of an integral Chinese Court in place of the present Sino-foreign joint administration and this aim can not be realized, so long as these four issues remain outstanding.

Prosperity and Depression of Shanghai's Industries in 1932

BY B. Y. LEE

UNDER normal conditions, the gross value of the various products turned out from Shanghai factories and workshops may be estimated roughly at $15,000,000 a month. During the past decade, and particularly within the last few years, there has been a tremendous development of industrial activity in Shanghai. According to the latest statistics available, the number of modern factories and mills is about 500 and number of operatives around 300,000. A large number of smaller industries employing less than 30 operatives and a few machines can not be classified as "factories," according the Labor Law recently promulgated by the Ministry of Industries. There are no reliable statistics available to show the development of Shanghai's industrial activities during the past decade; it has been roughly estimated that Shanghai's industries increase at the rate of about 20 per cent per annum. There is a strong tendency among the thinking Chinese to make China less dependent than she has been upon manufactured goods imported from foreign countries. Whenever one thinks of starting a new industrial enterprise in China, one is naturally inclined to have it established in Shanghai, for Shanghai is a large industrial center of China where all sorts of facilities can be obtained. When peace and order is restored and when the country is eliminated of civil wars and foreign aggression, industries in Shanghai will increase and expand by leaps and bounds.

Unfortunately, since the Japanese occupation of Manchuria and especially since the recent Sino-Japanese hostilities in Shanghai, the local trade has been seriously disturbed, which has led to the serious economic depression now prevailing in this large industrial and commercial center of China and it will take many years before full confidence is restored and prosperity begun. Despite the anti-Japanese boycott, the market is full of Japanese cheap goods. The Japanese have resorted to subterfuge in order to sell their goods. These methods take various forms such as the placing of false labels on the merchandise and transhipment to non-Japanese ports where the parcels are repacked in cases which camouflage the Japanese origin. The Japanese recently have resorted to drastic price-cutting as a means of inducing the Chinese to buy their goods. The Japanese policy of "dumping" in order to keep their home factories operating and also in order to raise funds for their meeting heavy foreign commitments has been a serious setback to the local trade and industries, which has benefitted nobody not even the Japanese themselves. The result of this situation has been to cause a general dislocation of all lines of business including the decline of real-estate values.

The Unemployment Problem

The recent hostilities in Shanghai have contributed heavily to the unemployment problem throughout China and particularly in Shanghai, and the local labor situation has become increasingly grave. The number of unemployed in the city, despite the fact that most of the

factories and mills in the International Settlement and the French Concession have reopened or partly opened and thousands of workers have returned to their usual work, is still causing Chinese officials and the community at large considerable anxiety. Relief messures for the laboring classes and co-operation between government officials and local business men to adopt some practical plans for a successful elimination of unemployed have been devised and sought after and enforced, in order in the first place, to relieve the distressed unemployed, and in the second place, to safeguard the community from the possible attack of lawless and radical elements which might easily filter into the laboring circles under certain favorable conditions. The recent devastation of industrial areas in Chapei, Kiangwan and Woosung, by Japanese gunfire, threw thousands of workers out of employment. Nearly a year has passed, but rehabilitation of those centers has not yet begun, either the owners of those industrial enterprises have become bankrupted or they fear the Japanese might come back again.

The loss in wages to the unemployed during the local Sino-Japanese hostilities and before the withdrawal of the Japanese soldiers from the Shanghai area in April, must be enormous. On the average each worker receives 50 cents a day or $15 a month, and the total number of the unemployed, owing to the destruction and temporary suspension of factories in Shanghai areas, must be more than 150,000. Based on this figure the total loss in wages to the jobless workers during the period of the Shanghai war and the Japanese occupation of Shanghai, is estimated to be more than $10,000,000. This huge loss in wages naturally decreases the purchasing power of the Chinese masses, which in turn affects the present economic depression in Shanghai. Many business houses in the war zone including the Hongkew district, which was used by the Japanese militarists as a war base during the local hostilities, either have been destroyed or have been closed down, owing to financial distress.

At a recent meeting of the Legislative Yuan an important revision of the law governing the settlement of labor disputes was adopted; the chief aim of which is to provide room for mediation and arbitration before any labor strike occurs. Under the present labor situation unrest prevailing among the working class throughout China, particularly in Shanghai, has become a serious setback to the industry and factories are not expected to be prosperous. When the factories in Shanghai are in danger due to restless working elements, the industrial life of China as a whole will be greatly impaired. China at present is in need of some kind of legislation which necessitates the dealing with the constant unrest and irresponsible elements in the Chinese industrial world. Now-a-days labor disputes are almost a daily occurrence and are often started on the flimsiest of pretexts. China can not expect to develop her industries to a large extent if authorities of the management of industrial enterprises are subject to outside interference in the matter of dismissal and engagement of workers. If the provisions of the revised law had been put into operation, many local labor strikes, such as the Bus strike, the San Yue Towel Factory employees' strike, the Chapei Silk Filature workers' strike, the Nantao Tramcar workers' strike etc., would probably never have occurred.

The Heavy Cost of Strikes

According to statistics, over $7,000,000 has been lost annually in Shanghai during the past few years as the result of labor strikes. Persons, especially the overseas rich Chinese, wishing to invest money in home industries, have been afraid to do so owing to the unsatisfactory state of affairs between capital and labor. At the present time there have been a number of labor disputes between workers and their employers, the majority of which could be readily adjusted by a little co-operation and reasonableness on both sides. Many trivial matters have been introduced by workers as reasons for calling strikes. In the end, of course, the strikers are always the losers, but at the time the wheels of industry are halted a considerable sum of money is lost by those who, with a little co-operation, may be able to do something to alleviate the distress among workers.

The greatest sufferers in the present business depression in Shanghai are the Japanese cotton mill owners, who have been compelled to suspend their operations either partly or wholly, due to the anti-Japanese boycott

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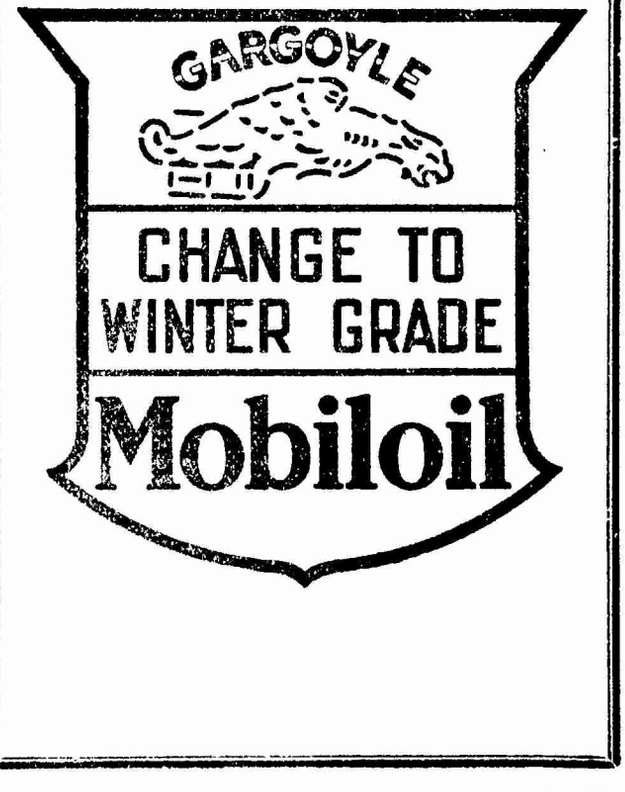

as a result of the Manchuria incident and subsequently of the Shanghai Sino-Japanese hostilities. The Japanese cotton mill industry is the largest industrial interest of Japan in this part of China employing a Chinese working force, larger than any other line of industries in China. Together with the families, the industry sustains more than 300,000, and in this sense, it is generally recognized as occupying an important place in the industrial life of Shanghai. The Shanghai undeclared war has hit a severe blow to the Japanese cotton industry in China. The Japanese own 45 cotton mills in China with little less than 2,000,000 spindles, while in Shanghai they own 30 mills with 1,338,000 spindles. Since the first part of the current year most Japanese owned mills in Shanghai suspended their operation, owing to the agitation of the anti-Japanese boycott. The situation now, however, has improved somewhat, and still they are being operated on a losing basis. The Japanese have invested about 230,000,000 Yen in the cotton mill industry in China and one half of this total is invested in Shanghai with a holding of about 75 per cent of the total. The number of the operatives in the Japanese owned mills in Shanghai is about 55,000 besides those employed in a large number of Japanese owned weaving plants having a special line of manufacture. At present, however, most of the Japanese mills in Shanghai have resumed operations, but their products are being sold at a ridiculously low price as compared with those ruling in normal time. Not only has the local market practically paralyzed business relations in the cotton mill industry but the insurance on the stored-up materials and finished products is eating heavily into reserves every day. The surplus was piled up in the last part of last year and early part of this year when the mills kept running despite the boycott from the China market. Due to general world business depression, it is impossible for the Japanese to find a foreign market large enough to consume the surplus and the present manufactured goods unless some kinds of inducement are to be given to local consumers.

At the present prices, the Chinese mills can make a profit of from five to ten Taels per bale of yarn produced, and based on this figure, the Japanese mills here with 35,000 bales of yarn per month in normal times, can make a profit of $500,000, and besides, the Japanese manufactured yarn in normal times commands a higher price, from 2 to 8 Taels per bale more than that of the Chinese. Instead of reaping a fair profit in their manufacturing concerns, the Japanese have suffered financially, owing to the recent local hostilities. The purchasing power of the Chinese masses has decreased greatly, due to the recent wars both in Manchuria and in Shanghai. The consumers of the local manufactured goods are the working and peasant classes, and when they are materially and financially affected, the prospects of the textile trade is gloomy. Merchants, too, are still nervous about moving between various parts of the country in pursuit of their regular business and prefer to wait developments in some safe retreat. Steps toward normal condition of this trade must be a gradual course, and the Japanese have to take time and wait for a better turn when the Chinese masses have forgotten the atrocities committed by the Japanese during the recent local hostilities.

Many Silk Plants Closed

In the field of silk industry China has been known as a great producer and exporter. Mainly due to the world business depression coupled with the Manchurian affairs and subsequently the Shanghai incidents, this industry has gone from bad to worse. At present there are 477 silk filatures and silk weaving plants in Shanghai, and since the Shanghai war it is reported more than half of this number suspended operations and the rest are being operated on a part time basis. The Chinese silk factories are small and are equipped with a limited capital. When economic depression prevails they are sure to meet financial difficulties. Among these 477 factories only 42 of them have a capital of more than $10,000 and the rest have a capital of $2,000 or less. Formerly the export of silk goods to the South Sea islands met a great demand, but lately the Japanese have captured a great portion of it. Recently a bank known as The Shanghai Silk Bank was organized by the local silkmen, the chief purpose of which is to give financial assistance to its members in time of business and financial difficulties. Never in the annals of the silk industry has the crisis been as acute as at the present time. Bad business has already put a large percentage of the total silk filatures in China in a state of bankruptcy but the Shanghai undeclared war has forced the industry into a worse state. The downfall of China's silk industry will not only deprive the government of an enormous revenue, but will affect the well-being of the people in general. Mainly due to a state of uncertainity in regard to the outcome of the Sino-Japanese conflict, the native banks are not willing to give financial assistance to these needly silkmen. This "no-credit" policy, which is adopted by the native banks in Shanghai as well as in other silk producing centers, has had a disastrous effect upon those industrial establishments, which have hitherto depended upon the native banks to finance their operations.

In order to help silk merchants to dispose of their surplus on the foreign markets, the Ministry of Industries, it is reported, has drafted regulations to give a subsidy of 100 Taels for every 100 catties of raw silk exported from China. The subsidy, however, will only be given for silk manufactured in 1932 or produced from cocoons raised last year. The funds needed for the subsidy will be provided by the flotation of a silk loan by the Chekiang and Kiangsu provincial governments, the amount of which has not yet been decided upon.

Due to unprecedented low price of foreign and local wheat coupled with the low price of China rice, the flour mill industry has been seriously affected. There are 19 modern flour mills in Shanghai all of which are owned and operated by Chinese capital. All of them are located in the International Settlement or in the Chapei district near the Settlement limit with the exception of The Woosung Flour Mill which is located in Woosung, and it was destroyed by Japanese gunfires during the Sino-Japanese hostilities. Those mills have been running as usual except when the hostilities were going on during the month of February. The price of flour has reached 1.68 Tael per bag of 49 pounds, which is the lowest during the past ten years. Flour can be substituted for rice or vice versa, and when one of these substitutes is cheap, the other must come down in the same proportion as to prices. The price of the standard China rice is about $9 per picul of 200 pounds, which is also the lowest for many years. The cheapness of the local flour is due to many reasons: the low price of rice and wheat and the lack of brisk demand from north China, which is a large wheat and flour consuming center.

The Aluminium Industry

Formerly all aluminium utensils for Shanghai were imported from abroad, chiefly Germany and Japan. The German imports were of better grades, but the prices were higher and the quantity imported was less than from Japan, which supplied about 70 per cent of the total import. Now, however, there are Chinese factories turning out aluminium utensils from plates imported from Japan, America and Germany. There are half a dozen Chinese owned factories in Shanghai manufacturing aluminium utensils producing about $1,000,000 worth of products a year. They manufacture tea spoons, teapots, rice bowls, chopsticks, plates, wine cups, chafing dishes, rice pans, lunch baskets, alcohol lamps, hot water bottles for the bed, and soap and cigarette cases. Added to the new industries of Shanghai, one that goes hand in hand with one of the city's biggest businesses—cigarettes—is the rolling of "pig" aluminium into foil for wrapping of cigarettes, or bulky products, being carried out by the Aluminium V. Ltd; which recently opened in Shanghai. The Chinese Aluminium Rolling Mills, Ltd., a branch of a firm of the same name whose home is Basle, Switzerland, is now building up its output of aluminium products towards a goal of 200 tons daily. The total capital of this new company is 1,000,000 Taels and the number of workers is 500.

In former days the enamelware business in China was almost monopolized by Japan, but China is now able to produce articles which compare very favorably with those from abroad. With the exception of north China, where Japanese influence is still dominant, other parts of China are largely supplied with enamelware of Shanghai manufacture, which also finds a market in the Straits Settlements. Realizing the big possibilities of this line of industry, 13 enamelware factories are now operating in Shanghai. The productive capacity of a factory depends upon the number of furnaces installed. It is estimated that one furnace of ordinary type will

turn out about 10,000 Taels' worth of enamelware per month. There are 60 furnaces in various Shanghai factories, with Hwa Feng and I Feng each having 16 furnaces. The Chu Feng Enamelware Factory is the oldest concern of its kind, but its business has declined recently owing to the Sino-Japanese trouble in Shanghai. The Chung Hwa Enamelware Factory, with a capital of 60,000 Taels, showed considerable business expansion last year, while the trade done by The Chiu Sin and The Shanghai Enamelware Factories, both only recently established, has been also increasing. The total output of the various Shanghai enamelware factories during 1931 amounted in value to 6,000,000 Taels, and that of this year has increased considerably, owing to the anti-Japanese boycott.

The fleece wool industry has developed extensively of late. Formerly the demand for such article was confined to the well-to-do families and it was considered a luxury. The first fleece wool factory was established in Shanghai in 1920 on a small scale. To-day there are more than 20 factories in Shanghai producing fleece wool to supply the domestic market. The price of such article has declined considerably, owing to the increasing supply from the local factories. The fleece wool is extensively used in making long gown lining and lining for foreign style clothes. The material for making the fleece wool is imported from abroad as the wool produced in China is not suitable for this purpose. The clock and watch factory is still in its infancy. The demand for such luxurious articles has increased of late and there is a Chinese factory in Shanghai to manufacture clocks and watches to supply the local market. The Mei Wah Li Factory manufactures thousand of watches and clocks a year. Despite the progress made by this factory, the annual import of foreign made articles amounts in value to more than two million Taels.

The local business of Chinese coal mining companies is being seriously menaced by the wholesale dumping of Japanese coal on the Shanghai market. For some time Chinese producers have been complaining about the dumping of Japanese coal, which they declare must be stopped or Chinese mines will be embarrassed to the point that many of them may be forced to shut down. While it is understood that most of the Chinese producers are willing to meet the Japanese tactics by a reduction in the price of their output, they are not receiving the assistance and co-operation of local coal dealers toward the marketing of Chinese produced coal. In some quarters it is reported that the total amount of Japanese coal in Shanghai coal yards is estimated at about 900,000 tons and there is no doubt some kinds of inducements must be introduced to get some Chinese dealers and manufacturers to use the boycotted product.

Many Japanese Enterprises Suspend

Latest statistics from a Japanese source indicate that up to the end of last October 31 Japanese industrial enterprises in Shanghai have suspended operations out of a total of 59 and the remaining concerns are operating on a part time basis or are in full operation. Due to the anti-Japanese boycott the products of the local Japanese factories can not find a market despite the cheapness of their price. Conditions are being improved somewhat of late, due to the skill of the Japanese traders to handle the China trade and the cheapness of their goods. The Ming Hwa Sugar Refinery, a Japanese-owned concern hit by the boycott last year has recently resumed operations in the Yangtszepoo district. The factory employs more than 200 workers on both day and night shifts. The mill closed down last August due to trade depression in connection with the anti-Japanese boycott. On the average the Shanghai Japanese mills are working at between 70 and 80 per cent of capacity at present.

It is almost impossible to compile a complete list of new factories that have sprung up in Shanghai as a result of the anti-Japanese boycott since the Japanese occupation of Manchuria. The number must be very great. Many cheap articles once imported from Japan are now supplied by the local Chinese factories. Chemical products, glasswares, cosmetics, and medicines that once were supplied by the Japanese are being manufactured by the Chinese. The Japanese occupation of Manchuria may be a curse to China as a whole, but it is a stimulus to the Chinese industry, due to the direct result of the anti-Japanese boycott. A "Buy China" movement is getting very strong in the minds of the Chinese masses. The National Goods Exhibitions are being held at various places at various dates with a view to show-

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All applications and inquiries should be addressed to the Director at 1954 Avenue Haig, Shanghai.

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ing the Chinese masses goods "made at home." In those exhibitions white cloth banners are shown bearing inscriptions exhorting the public to buy national products of China and reports from exhibitions state that they are drawing an encouraging amount of public support. Many native products stores have opened in Nanking Road recently, which sell nothing but home products.

Exceptionally low price of agricultural products, such as cotton, wheat, rice, and other farm products, due to the abundant crop, the cheapness of the Japanese imported goods, partly due to the decline of the Yen and the anti-Japanese boycott, the world-wide business depression and the local economic depression on account of the recent Sino-Japanese hostilities, have given the people of Shanghai a great hardship this year. The future economic prospects seem very bright. The cheapness of rice means future prosperity as everybody is well fed and the purchasing power of the masses is great. The people have some surplus to spend for necessities as well as luxurious articles. Although the Manchurian problems are not yet satisfactorily settled, most people think the worst is over and the conditions now are not so bad as they were a few months ago. Some merchants were afraid to invest their money in business and industries several months ago, now they are beginning to look at the bright side of the economic aspect; they are calmer in their investment attempts. As soon as peace prevails in China without fear of foreign invasion and civil strifes, Shanghai will return to its former prosperity with trade increased and industries expanded.

Shanghai, Dec. 10, 1932.

Manchurian Volunteers Active Despite Collapse of Su Ping Wen

The smashing debacle of Gen. Su Ping-wen constitutes a decisive victory on the part of the Japanese, but does not mark an end of the opposition tactics of Chinese volunteers in Manchuria. Su Ping-wen has been eliminated, but many of his compatriots still survive and new leaders may yet emerge at the bidding of the time. Japan might be prudent enough not to be unduly elated because of this brilliant military feat, but well realise that her Manchurian brigandage is only partially done. The strategy of Japan demands quick and decisive campaigns, while Chinese tactics envisage prolonged and intermittent resistance. With the possible exception of the case of Gen. Su, the collapse of Chinese volunteer armies on previous occasions meant nothing more than dispersion and dissolution of the armies into their elements. Minus the casualties, the huge mass of fighting men is still there, always able to emerge elsewhere, keeping the Japanese military constantly on the chase. Easy pacification of Manchuria is a fond dream but not a simple reality. So long as the Japanese aggressions in Manchuria keep burning the fire of the deep-seated resentment of the 4,000,000,000 people in the world, Manchuria will not form an integral part of the Japanese Emprire. The effects of physical conquest must necessarily be momentary; only the spirit of resentment and resistance lasts, which is unconquerable by force. Patient struggle not desperate fighting, long drawn-out resistance not surprising victories will eventually win.

Despite the elimination of Gen. Su Ping-wen, his cause of salvation of Manchuria has not been abandoned, but is zealously exposed by his fellow volunteer leaders, foremost among whom is that indominable General Ma Chan-shan whose flight to Russia by Japanese reprts has now become a confirmed rumor. Co-operating with him are, besides Gens. Li Tu and Ting Chao, four other well-known leaders, Generals Feng Chan-hai, Wang Teh-ling, Tang Chu-wu and Cheng Kwei-ling, an account of whose careers and activities is given in following paragraphs:

Gen Feng Chan-hai

Gen. Feng Chan-hai, aged 34, is a native of Yi-hsien, Liaoning Province. He was early known for his martial spirit and chivalrous character. After some schooling he joined in 1918 the Twenty-seventh Division of the Chinese Army. Soon afterwards, he was sent by General Chang Tso-hsiang to the Northeastern Military Academy for advanced training. After graduation he served as a junior officer in the Twentieth Division. In 1924 when General Chang was Tupan of Kirin Province he was appointed a Battalion Commander. In 1928 he was promoted commander of a Regiment.

When the Japanese military occupied Mukden on September 18. 1931, and were pressing toward Kirin, Hsi Hsia and his followers surrendered without firing a shot and received high appointments. Geneaal Feng, indignant over Japanese aggressions, refused to submit. He withdrew with his forces to Shan-Ho-Tun, a village in the vicinity of Wuchang District, carrying with him a large quantity of arms and ammunition. There he joined Kung Chang-hai and Yao Ping-chien in organizing volunteers. Impressed by his dynamic personality Gen. Kung offered to serve under him. When close cooperation had been effected among these three Generals, the Commissioners of the Public Safety Bureau at various districts turned over to them with police and militia, thus greatly augmenting the strength of the Volunteers. When General Feng occupied Fangchen District he organized and trained up a Big Sword Corps of 4,000 men. In the attack on Hsinping City this Corps bore the brunt of battle and greatly distinguished itself. These doughty fighters of the Big Sword Corps are called the "Iron Children" by the Japanese. General Feng once captured the Kirin City, but he voluntarily evacuated soon afterwards because of inferior weapons and in order to spare the inhabitants needless suffering.

With the advent of winter Gen. Feng has brought his armies, already tired out, to regions east of Harbin for a period of much-needed rest. He has recently despatched representatives to Peiping to solicit assistance.

Gen. Wang Teh-lin

Gen. Wang Teh-lin, aged 54, is a native of Yi-Shui District, Shantung. Sincere and upright, he is known for his courage, resourcefulness and quick decision in any emergeney. The Sino-Japanese War of 1894-5 and its disastrous consequences aroused his patriotic zeal and, at the age of twenty, he proceeded up North to seek opportunities to serve his country. Moving about between Yenchi and Tunhua, Kirin, he organized a band of adventurous compatriots with the avowed object of plundering unscrupulous merchants and wealthy residents of Japanese and Russian nationality. At the head of his daring followers he frequently conducted raids across the Tumen River and along the Sino-Russian boundary. The booty obtained during these expeditions he distributed among the poor and needy.

In 1915, Japan forced upon China the acceptance of the infamous Twenty-one Demands. Realizing the critical situation Wang, togother with his intrepid followers, offered his service in the Kirin Provincial Army. He was made Commander of the 3rd Battalion in the 1st Regiment of the 1st Brigade. During the sixteen years of his service he participated in numerous engagements in which he distinguished himself as a brave and fearless fighter. Indignant over Japanese military aggressions following the outbreak of the Mukden Incident he proceeded, at the head of over five hundred of his bravest and most devoted followers, to Tunhua where he organized a National Salvation Army. He took a solemn oath vowing, "I will never permit the Japanese to consummate their design of annexing our Northeastern Provinces through the completion of the Ki-Hui Railway. The sea may dry up, the stone may decay, but my determination will not waver". Since he raised the standard against the Japanese, hundreds of compatriots daily threw in their lot with him. In seven months his Army exceeded thirty thousand strong. He has fought the Japanese for over one hundred times, winning many batles. Recently he called a military conference in which it was decided to paralyse the communications of three strategic railways—The Chinese Eastern, the Ki-Tun and the Tien-Tu Railways. For this purpose he organized his forces into three route armies. He is particularly skilful in the work of destroying railway bridges, resulting in heavy losses to the Japanese. Despite the present bitterly cold weather and the serious lack of arms and ammunition he is continuing the struggle against his formidable foe.

Gen. Tang Chu-Wu

Gen. Tang Chu-wu, aged 35, is a native of Shuangchen District, Kirin. He received his training at the Mukden Military Academy. After graduation he joined the Army

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and participated in several military campaigns. He was Vice-Commander of the First Regiment under General Yu Tzo-shan and stationed at Fengchen on the eve of the Mukden Incident. When Fengchen was occupied by the Japanese military, his regiment was disarmed. He effected his escape and was appointed to command a regiment stationed at Huanyin. A gallant and devoted son of China, he was deeply grieved over the loss of his homeland and the intolerable humiliation endured by his countrymen. He rallied round him a large body of compatriots before whom he solemnly declared his firm determination to recover his native soil. To show his grim resolution he cut one of his fingers and wrote eight Chinese characters meaning. "Kill the enemy, punish the traitors, save our country and love our people." Fourteen districts quickly responded and hoisted the National Flag. For several months he put up an effective resistance against the Japanese in the eastern section of Liaoning Province. Recently, he recovered the three districts of Tungfeng, Sifeng and Sian. Following the reorganization of the Northeastern Volunteers he was appointed the Commander of the Third Military District. He is now the Commander-in-Chief of the Third Volunteer Army Corps. He is acclaimed as a hero by his fellow-countrymen.

Gen. Cheng Kwei-lin

Gen. Cheng Kwei-lin is a native of Chang-Pai District, Liaoning Province. He is gifted with natural endowments and of amiable disposition. In the 5th year of the Republic (1916) he entered Chao-yang University, Peking. After graduation he served in the Kirin Court of Justice, then joined the Chinese Eastern Railway Guards. Following the downfall of the Tsarist regime he accompanied the Railway Guards when they were withdrawn to St. Petersburg. In 1921 he became an Inspecting Officer attached to the Seventh Brigade of the Kirin Army. In the winter of 1922 he was transferred and served as an Adjutant to the First Detachment of the Forest Guards charged with the suppression of the white Russians. From 1928-30 he received further training in the Mukden Military Academy. After graduation he was appointed Adjutant to the 637th Regiment of the Thirteenth Brigade. Following Japan's military coup of September 18, 1931, he has been prominently identified with the work of the Volunteers as the Vice-Commander of the Forty-eighth Route Army. On April, 1932, he was appointed the Commander of the Forty-eighth Route Army to direct the operations of over ten thousand Volunteers. He has fought against the Japanese troops at Suichung, Hsincheng, Sin-chwang-tze, Ssu-fang-tai, Pao-kwang-tze, Yi-ma-ho, Ma-ti-kou, Ping-chuan-ying, Shih-men, Shung-pao, etc. As a result of these engagements he captured over one thousand rifles, five mountain guns, twenty-seven machine-guns, and killed a commander of the Japanese Garrison, named Tani, and a Lieutenant-Colonel named Tsuchii, and over one thousand Japanese soldiers.

C. H. H.

COMPLETE STUDY OF JAPAN'S FINANCE AND POLITICS

(*Continued from page 114*)

other Parties might be insufficient to cope with that of the Seiyukai.

The political future of our country seems to point either to Fascism or to the return to party politics. This, however, depends upon the spirit of participants in politics as well as the direction of the intention of the nation.

Saito Has Come to the Parting of the Ways

(By Dr. Masamichi Royama—*Bungei Shunju*)

The realization of the Saito Ministry was enabled by general distrust, an open challenge of anti-partisan movement and the general public who besides taking an objective attitude toward these two have no political conviction of their own. The present Ministry's mission should accordingly be made up of two directions. One of them is its proper execution of the State function requiring immediate attention, for which the Government seems to have done its very best although thoroughgoing judgment should be dependent on the coming session of the Diet. The other is a special mission the fulfilment of which has far-reaching effects upon Japan's constitutional politics in future. As is indicated in the process of its formation, the Ministry is composed of several different ingredients temporarily compromised, but in form it is something of constitutional despotism. For this reason it stands upon a moral foundation so that for its existence majority support in the Diet is not necessarily indispensable. The Seiyukai remains calm for fear that its alienation would bring no benefit after all. Under the delicate circumstances one false step by Viscount Saito may set an example to the Fascist form of government or prove a preparatory measure for reestablishment of party politics. The Saito Ministry has come to a parting of the ways.

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The Chronology of Manchukuo

The following chronology of events in Manchuria, commencing with September 18 last year, is published for information and future reference.

September 18, 1931, 10.30 p.m.—Japanese army begins military operations at Mukden, claiming Chinese soldiers had been caught dynamiting tracks of the South Manchuria Railway, Japan's most vital possession in Manchuria.

September 19—Japanese occupation of Mukden completed; Japanese occupy Changchun.

September 21—First Japanese reinforcements cross border from Korea into Manchuria; Japanese occupy Kirin. China appeals to League of Nations for aid and redress.

October 3—Japanese army headquarters in Manchuria announces that Marshal Chang Hsueh-liang, former ruler of Manchuria, would not be permitted to return to that country.

October 8—Japanese military aeroplanes bombard Chinchow, seat of the Chinese provisional government of Manchuria.

October 13—League Council meets to consider the Manchurian crisis.

October 16—Council invites America to send an observer to the Manchurian debates.

October 20—Secretary of State Stimson calls attention of Japan and China to their obligations under the Kellogg-Briand Treaty.

November 4—Fighting begins on the Nonni River between Japanese troops and the forces of General Ma Chan-shan, acting Chinese Governor of Heilungkiang province.

November 18—Ma Chan-shan defeated and Japanese enter Tsitsihar, capital of Heilungkiang Province.

November 27—Japanese army advances toward Chinchow, but drive is suddenly halted next day by orders from Tokyo.

December 10—League Council adopts resolution creating Commission of Inquiry.

December 28—Real Japanese offensive against Chinchow launched.

January 2, 1932—Japanese occupy Chinchow, which Chinese evacuated without a battle.

January 28—Japanese-Chinese hostilities break out in Shanghai.

February 5—Japanese expedition under Lieutenant-General Jiro Tamon occupies Harbin.

February 20—Japanese army launches big offensive at Shanghai.

February 29—The League's Inquiry Commission (Lytton Commission) reaches Japan and begins six-months' labors.

March 1—Independence of Manchuria, henceforth called Manchukuo, declared at Mukden, ostensibly by group of Chinese leaders.

March 3—Success of Japanese offensive at Shanghai terminates major hostilities in that region.

March 9—Henry Pu-yi, former "Boy Emperor" of China, is installed at Changchun as "Chihcheng," or "Chief Executive," of Manchukuo.

March 11—League of Nations Assembly adjourns after adopting resolution binding members not to recognize any situation brought about by means violating the Kellogg-Briand Treaty.

April 21—Lytton Commission, after travelling through Japan and China, reaches Mukden and begins investigation on the spot of the Manchurian situation.

April 30—Lytton Commission telegraphs from Mukden its preliminary report to Geneva, simply outlining existing military situation in Manchuria.

May 5—Armistice signed between Japan and China in Shanghai hostilities.

May 1—Japanese army begins large-scale campaign along the Sungari River and in North Manchuria against various guerilla forces, including command of General Ma Chan-shan, again opposing the Japan-Manchukuo regime after three months of seeming allegiance thereto.

July 4—Lytton Commission makes second visit to Tokyo, which lasts 12 days and shows clearly wide difference between points of view of the Commission and the Japanese Government.

July 15—Lytton Commission leaves Tokyo, returning to Peiping to write its report.

July 27—Japanese send out erroneous report that General Ma Chan-shan was killed in battle north of Harbin.

August 8—General Nobuyoshi Muto, in ceremony before Emperor of Japan, installed as new Commander-in-Chief of Japanese forces in Manchuria, Envoy Extraordinary in that territory and Governor of Japan's Leased Territory of Kwantung.

August 20—General Muto leaves Tokyo for Manchuria, bearing with him draft of Protocol whereby Japan proposes to accord recognition in Manchukuo.

September 4—Lytton Commission, at Peiping, concludes and signs its voluminous report and its members start for home.

September 15—Japan-Manchukuo Protocol concluded ceremoniously at Changchun, Japan recognizing independence of Manchukuo and assuming responsibility for internal and external defence of that State.

September 20—Dr. Heinrich Schnee of Germany, first of the Lytton Commissioners to return home, reaches Berlin and reports to the German Government.

September 22—Text of the Lytton Report reaches Geneva and preparations are begun for its publication and distribution.

September 30—The Earl of Lytton, Chairman; and Major-General Frank R. McCoy, American member of the League's Commission, return to Geneva.

October 2—The report of the Lytton Commission is published.

November 21—Council of League of Nations meets to discuss Lytton Report, presided over by Eamonn de Valera of Irish Free State. Y. Matsuoka respresented Japan, while Dr. Wellington Koo spoke on behalf of China.

November 28—League Council voted to refer the Manchuria issue to a special meeting of the League Assembly.

December 1—Japanese Forces launched a general offensive on General Su Ping-wen in North Manchuria.

December 5—Gen. Su Ping-wen was defeated and took refugee in Soviet territory.

December 6—League Assembly convenes to deliberate on the issue referred to it by the Council.

December 9—The Assembly Adjourns and shifts the issue to a special committee to be formed by the Committee of 19 with recommendation of American and Soviet participation.

THE OUTLOOK OF CHRISTIAN ENTERPRISE IN CHINA

(*Continued from page 117*)

eral recommendations as to mission schools in the Far East:

1. That where missions are conducting schools, the aim of these schools should be primarily education, not evangelization, and that teachers and administrators should be chosen with this standard in view.

2. That mission schools in all Oriental countries co-operate in good faith with the governments in their efforts, through conscience clauses or through agreements in registration, to protect the religious liberty of their citizens; and to this end non-Christian students be not required to attend Christian services of worship or Bible classes. This does not mean that religious services or classes for all students need be omitted, but that they should be carried out in a tolerant and sympathetic spirit.

3. That religious education and worship in the schools be reorganized under expert guidance to the end that they may have vital relationship with the problems and lives of the pupils, and that only teachers especially qualified for this work be responsible for this part of the school program.

Opium Growing in the Yangtsze Valley Stirs General Chiang Kai-shek

Declaring that he has been greatly struck at the growth of the poppy in the Yangtsze and other provinces and that official connivance has obviously fostered the spread of the evil, General Chiang Kai-shek has submitted a petition to the National Government embodying drastic regulations governing the suppession of poppy-growing, under which the task of suppression is virtually placed under the control of the Generalissimo himself in his capacity as chairman of the National Military Council.

U. S. Trade with China Shows Decline

Recently published U. S. Customs reports show that during the first half of 1932, merchandise exports from the United States to the Far East amount to $180,030,000, a reduction of $23,822,000, or 11.1 per cent., compared with $203,852,000 for the corresponding period of 1931. Imports declined by $115,566,000 or 30.8 per cent., from $4,313,388,000 to $4,197,852.000. Accordingly, the combined export and import trade was valued at $337,852,000, against $517,246,000. In addition the combined exports and imports of gold and silver, amounting to $76,101,000, increased the total trade with the Far Eastern area to $453,953,000.

The whole situation was practically a repetition of that during the 1931 months. The low price of silver in China and rapidly fluctuating exchange rates compelled traders to move cautiously in placing both export and import orders. Japan's financial difficulties, combined with heavy stocks of cotton and the failure to expand her business in China, proved additional determining factors in limiting the flow of American cotton to these markets. During April, May and June, United States exports of raw cotton to Japan totalled 239,000 bales as contrasted with 867,000 bales for January, February and March (all figures in U. S. gold.)

Despite these generally dull conditions, the Orient proved an important market not only for raw cotton and flour, but consumed 261 per cent more wheat than during the 1931 period.

Lancashire's Trade with China Shows Big Drop

The London *Financial Times* recently published figures showing that the export of cotton goods from Great Britain to China progressively increased up to the year 1913, which constituted a record. Since that year a consistent and rapid decline has taken place, until the exports during 1930 and 1931 were as near as possible only 8.5 per cent. and 11.3 per cent. respectively of those during 1913.

What had happened to cause this steep decline in the trade of Lancashire with China?, the *Financial Times* asks. It is undoubtedly attributable, in the first instance, to the competition by Japan and, secondly, to the fact that Chinese home industries have, in recent years, made great strides. During the war years when the textile productions of Lancashire were largely diverted elsewhere, the Japanese immediateiy seized the opportunity to secure a permanent foothold in the great market of China. By the concentration of all their energies they have only too successfully pushed their advantage to the fullest possible extent. Assisted by their low wage costs—the importance and extent of which, unfortunately, does not appear to be fully realised in Lancashire—by such advantages as their propinquity to China, their methods of bulk purchase of raw cotton, the working of longer hours, mass production of staple line of goods and their marketing arrangements, they have almost entirely displaced Lancashire goods.

Manchester Asks for Protection Against Japanese Dumping in India

The dumping of Japanese textiles in India has aroused the ire of Lancashire manufacturers, who at a meeting held in Manchester Dec 10 decided to ask the Government among other things, in order to prevent such competition, to impose no import duties in India, the Colonies and dependencies, on British goods other than those for revenue purposes.

Shanghai Chinese Municipality Settles B. A. T. Labor Dispute

As a result of mediatory efforts made by the Municipal Government of Greater Shanghai, a labor dispute at the Pootung Factory of the B.A.T. Company definitely came to an end Dec 9 when it was agreed that the wages due to the workers will be duly paid except for boy workers in the tobacco-leaf sorting department, who were held directly responsible for the trouble and whose wages would be paid with a three-day deduction. Twenty-two workers of the tobacco-leaf sorting department, whose work has been found satisfactory, will have their wages increased.

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Men and Events

Nelson T. Johnson, American Minister to China, paid a formal call on President Lin Sen at Nanking Dec. 9.

Victor Keen, correspondent for the the New York, *Herald-Tribune*, departed last week on a trip to Mukden and Harbin.

Hallett Abend, correspondent for the *New York Times*, accompanied by his assistant Mr. Robertson, departed last week for Manchuria.

The Shanghai-Tientsin Airway is scheduled to be inaugurated on New Year's Day by the China National Aviation Corporation,

P. W. Massey has been elected by the Shanghai Municipal Council to membership on the Health Committee during Mr. Leslie's absence from Shanghai.

Dr. C. T. Wang and Eugene Chen are both mentioned as possible appointees as the first Chinese Ambassador to Soviet Russia. Sun Fo is urging the appountment of Eugene Chen.

J. D. Springer, Jr., and Mrs. Springer of New York are now in Shanghai on a trip through the Far East. Mr. Springer is traveling on a Pulitzer scholarship. They are living at the Embassy Hotel in Shanghai.

The death occurred at Tientsin, December 11 as the result of a riding accident, of F. Benbowe Rowe, who had recently arrived in that city from Shanghai. Mr. Rowe was formerly secretory of the Shanghai Municipal Council.

The Chinese newspapers report that three students of the Siccawei Middle School mysteriously disappeared since December 4. It is hinted that the three students have secretly left for Manchuria to join the Volunteers.

Hsia Chih-sze, manager of the Great China Dist pensary of Foochow Road, was fined $200 in the Firs-Special District Court last week, after he had been found guility of having infringed the trademark rights of "Lysol."

Chang Ko-yu, a service boy in the Astor House, committed suicide Dec. 6, by taking a dose of opium because he had failed in his ambition to become the manager of a dancing hall. He had been inveigled into a deal by a Russian, who obsconded with $2,000.

The Philippine Collector of Customs on Dec. 8 ordered the seizure and confiscation of two Japanese fishing boats alleged to have poached in Philippine waters. The Japanese boats were captured by a Philippine revenue cutter which halted the alleged poachers by firing across their bows.

The Shanghai Municipal Council has refused the application of the Shanghai bus company to install illuminated stop indicators, which would also be used for advertising purposes. The Council expressed the opinion that such a plan would still further congest the traffic on the streets of Shanghai.

The Chinese Government has invited Professor Muelhens, the director of the Hamburg Institute for Tropical Diseases, to deliver a number of lectures at various Chinese Universities, and to carry on research work in China. He will lecture at the Universities of Canton, Shanghai, Peiping and Hongkong.

The sixth batch of silver dollars destined for Manchuria was shipped to Dairen Dec. 12 on board a British steamer. The sum amounted to $4,200,000 and was packed in 850 boxes. Up to the present, the aggregate amount of silver dollars shipped within recent weeks to Manchuria totals about $21,000,000.

There are persistent rumors in Tokyo that the two leading steamship companies in Japan, the Nippon Yusen Kaisha and the Osaka Shosen Kaisha will amalgamate. The high authorities of both companies have recently been in conference on the discussions of concrete measures leading to such an amalgamation.

The University of Hawaii recently presented about 100 volumes of valuable books to the library of the Downtown School of Commerce in Shanghai. President and Mrs. Crawford, of the Hawaiian institution of higher learning, visited Shanghai last year as delegates to the biennial conference of the Institute of Pacific Relations.

Privates Kitagawa, Sakuye and Eshita, who were blown to pieces while dynamiting the Chinese wire-entanglements at Miaohongchen on February 22, 1932, and incidentally helped in the occupation of that stronghold by Japanese troops, will be given the 6th Order of the "Kinshi Kunsho" the Japanese "Victoria Cross," it was announced in Toyko Dec. 12.

The *Shanghai Zaria*, local Russian daily, which was raided by a Chinese mob earily in August, escaped being raided again early on the night of Dec. 10, as a result of prompt action by the French Police. It is believed that the anti-communist stand of the paper, which is a White Russian journal, had aroused the ire of Chinese Communists.

Robert Pickens, member of the Washington Bureau of the *Associated Press* was in Shanghai on Friday of last week on his way to Manila where he expects to spend several weeks on a general tour of the Orient. Mr. Pickens is accompanied by Mrs. Pickens. Mr. Pickens spent considerable time in China in 1927 when he covered the Nationalist revolution.

It was recently aunounced by the Shanghai Municipal Council that the Public Library would be removed to the Kelly & Walsh building next May. The Library had for many years been housed in the old Municipal Hall in Nanking road, which was sold to private interests several years ago. Since then the Library has been in cramped quarters at 104 Nanking road.

Latest advices from Sianfu state that no further clues have been obtained in connection with the missing persons who may have been implicated in the murder of Henry Ekvall and his three companions near Sianfu on July 23 last, for which the Shensi soldier, Liu Jenshu, who organized the crime, was executed on November 30, following a confession of the part he played in the outrage.

Yuen-li Liang, formerly secretary of Chinese Legation at Washington, departed from the United States last month for Geneva to join the Chinese Delegation to the League of Nations. Mr. Liang is a graduate of the Comparative Law School Shanghai and the Washington State University. He previously served as Judge of the Shanghai Provisional Court and secretary of the Ministry of Foreign Affairs.

Vice Admiral Yonai, the new Commander-in-Chief of the Third Japanese Squadron, accompanied by Assistant Naval Attache Kuwabara, Rear Admiral Kikuno, Chief of Staff of the Squadron, Captain Nakamura, commander of the *Idzumo*, and other ranking Japanese naval officers paid an official visit on Mayor Wu Teh-chen, of the Muniicpality of Greater Shanghai, Dec. 9. Mayor Wu returned the visit the following day.

Kaku Mori, one of the outstanding figures in the Seiyukai, died at Kamakura Dec. 11 after an attack of pneumonia. Mori is generally credited with having been the author of the proposal made in February for the establishment of demilitarised zones in China, also protagonist of the Asiatic "Monroe Doctrine." He served as chief secretary of the Cabinet during the premiership of the late Inukai, who met his death at the hands of an assassin.

A bomb, hurled by an unidentified person, exploded in front of the Temple of Agriculture near Tien Chiao, in Peiping, on the evening of Dec. 9. No one was in jured but two trees on the north side of the road were blown to bits. As there are no shops dealing in Japanese goods in the vicinity, it is believed that the outrage was not committed by the local branch of the Iron and Blood Guard for the Extermination of Traitors, but by some one connected with the Communists.

Novel Defense of Chapei Traitor, But Gets Life Sentence

When Hu Li-fu, alleged traitor and chairman of the Chapei Peace Preservation was put on trial, on charges of aiding and abetting the Japanese invaders of China at the Kiangsu High Court in Soochow last week, he pleaded that the Chapei Peace Preservation Association was essentially a philanthropic institution and was formed primarily for the purpose of relieving the war refugees. The Court later imposed a sentence of life imprisonment.

Japanese Hope to Recover Gold From Sunken Russian Warship

A move has been started in Japan to collect six hundred thousand yen by public subscription to raise funds to pay for the expenses of salvage operations to be directed on the old Russian cruiser *Ruric* which was sunk by the Japanese fleet in August 1904 during the course of the Russo-Japanese war. The vessel is lying at a depth of 60 fathoms off Niregama, Korea, and is supposed to contain a huge cache of gold rouble coins.

Who's Who in China

Dou Yu Seng, alias Dou Yung, banker and public welfare worker; born at Pootung, Shanghai, Kiangsu province, 1884; received his education under private tutors; entered business at Shanghai at an early age; now serves as member of the Supervisory Committee of the Shanghai Chinese General Chamber of Commerce; president, Chung Wai Bank, Shanghai; president, Tung Wai Bank, Shanghai; director, Commercial Bank of China, Shanghai; director, Kiangsu and Chekiang Bank, Shanghai; director, Industrial Bank of China, Shanghai; member, Amortization Fund Committee of National Loans; director, Great China University, Shanghai; founder and chairman of board of directors of the Cheng Shih Middle School, Shanghai; president, Shanghai Emergency Hospital; president, Jen Chi Hospital; Ningpo; director, Chinese Cotton Goods Exchange, Shanghai; director, Chartered Stock and Produce Exchange, Ltd., Shanghai; director, Chinese Electric Power Company, Shanghai; managing director, Hua Fong Paper Manufactory, Hangchow; director, China Merchants' Steam Navigation Company, Shanghai; director, many other Chinese commercial and public welfare organizations in Shanghai and other places in China; liberal contributer towards causes of philanthrophy and education; address: Chung wai Bank, Avenue Edward, Shanghai.

杜鏞字月笙
Dou Yu Seng (Tu Yueh-sheng)

杜鏞，字月笙，年四十五歲，江蘇上海縣人，現任上海市商會監察委員，中匯銀行董事長，通匯銀行董事長，通商銀行董事，中國實業銀行董事，江浙銀行董事，國債基金保管委員會委員，大夏大學校董，正始中學創辦人兼主席校董，上海急救時疫醫院院長，甯波仁濟醫院院主，上海華商紗布交易所理事，華商證券交易所理事，華商電車公司董事，上海招商局董事，杭州華豐造紙廠總理等職

C. H. S.

Shanghai Race Club Disburses More than $100,000 in Charity

Charity disbursements for the second half of 1932 made by the Shanghai Race Club amount to the sum of $113,933,26, according to an itemized statement issued last week by A. W. Burkill, chairman. This amount has been obtained by race meetings on the Shanghai Race Course during the autumn. Since 1915, the total amount distributed by the Club stands at $3,785,498.83. The Stewards of the Club in making public the list of recipents expressed their appreciation to all who have helped to make these race meetings successful and thus provided the charity funds.

Government to Order Arrest of Chen Fu-mu

With regard to the China Merchants imbroglio, it is announced that the case cannot be settled until Chen Fu-mu, ex-Director of the Company, is arrested. It is learned that the Government has definitely decided to order the arrest of Chen, who is now at Hongkong. Marquis Li, who was detained by order of the new management of the Company, is still in hospital. No date has yet been set for the trial of the case.

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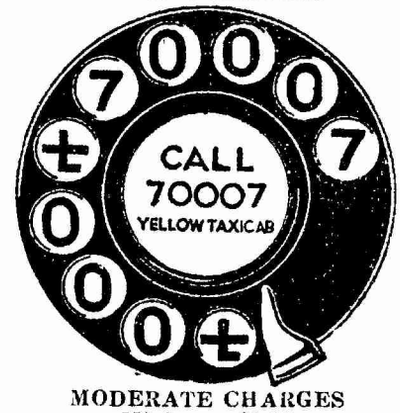

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New Books of Interest in the Far East

Economic Measures to Guarantee Peace

Boycotts and Peace—A Report by the Committee on Economic Sanctions. Edited by Evans Clark. Harper and Brothers. $4.00 (U. S.).

The United States remained out of the League primarily because of its provision to punish an aggressor nation, if necessary, by the use of military force. Today the United States is more than ever opposed to becoming involved in any pact or agreement where the use of military pressure to re-establish peace is a possibility. On the other hand, no nation today is more concerned than the United States with finding a practical solution for that crucial problem which confronts the whole family of nations: *i.e.*, the effective prevention of war.

The Trustees of the Twentieth Century Fund have long been interested in the idea of joint use of economic measures as guarantees of world peace. In August of 1931 they invited Nicholas Murray Butler, president of Columbia University to accept the chairmanship and to appoint a committee to undertake an investigation on the subject and to make a report of its findings with specific recommendations for action. The Committee soon saw that in view of the international situation and the pending Disarmament Conference it was highly important that they should report early in 1932. This necessitated using existing information more than original study, but in view of the fact that there was a great deal of material available, much of it unpublished, the more important consideration was that of finding some practical solution for the problem of maintaining and re-establishing peace before the nations should meet to consider disarming. Indeed, it is becoming increasingly certain that unless the nations of the world can be given guarantees of security, disarmament will be a futile hope.

The personnel of the Committee on Economic Sanctions was such as to re-assure the reader of the value of the findings. The Committee was composed of such men as: Joseph P. Chamberlain, Professor of Public Law in Columbia University; William H. Crocker, President of the Crocker First National Bank, San Francisco; Alanson B. Houghton, formerly United States Ambassador to Great Britain; Edward N. Hurley, former Chairman of the U. S. Federal Trade Commission; James D. Mooney, President General Motors Export Corporation; Silas Strawn, President Chamber of Commerce of the United States, and others representing both scholars and men of affairs. Evans Clark, Director of the Twentieth Century Fund, acted as secretary to the Committee and edited the findings. One may say at the outset that the book is edited in so scholarly a manner that it is bound to be interesting, not alone to students of economics and political science, of diplomacy and international law, but to every intelligent reader interested in world affairs today.

In the first chapter, presenting briefly the Committee's Report, Nicholas Murray Butler speaks. Starting with the Pact of Paris, he says:

> "Public opinion throughout the world does not yet realize what a long step forward was taken toward the establishment and protection of peaceful civilization when the Pact of Paris was ratified in August, 1928. . . War is no longer either necessary or even respectable; it is illegal. *Any nation signatory to the Pact of Paris which plans or begins hostilities of a military character breaks its solemn word* and shows itself untrustworthy in respect to the gravest and most serious matters which affect national conduct and human happiness."

It is difficult to see, in the face of straightforward speaking like that, how Japan can presume to attempt to make the world believe that she has neither planned *nor begun* hostilities in Manchuria or in and around Shanghai. But the author continues:

> "There remains, however, still one more question and there is plainly one more step to be taken by peoples and governments before the plan of international conduct now universally agreed to, is thoroughly organized and established. Suppose that a power signatory to the Pact of Paris fails to conform to the pledge which it has given, breaks its word, and does either threaten or actually begin hostilities against one or more of its neighbors. In such case what is the duty, and what should be the policy of the other powers signatory to the Pact of Paris?"

We in the Far East need not to use our imaginations for such a supposition. We want to know what this Committee believes to be the next step.

> "The Committee on Economic Sanctions is of opinion that the time has now fully come for the powers signatory to the Pact of Paris . . . to enter into an appropriate Protocol or agreement supplemental to that Pact whereby they will engage themselves, in the event of hostilities, actual or threatened, promptly to consult together with a view to determine upon measures of non-intercourse which would be appropriate to prevent the threatened breach of the Pact, or if it could not be prevented, to end hostilities and to restore the status existing prior to the breach.
>
> Among the measures of non-intercourse which could be applied would be:
>
> (1) A cessation of any shipment of arms or munitions or other absolute contraband.
>
> (2) Such further economic sanctions and concerted measures, short of the use of force, as may be determined to be appropriate and practical under the circumstances of any given case."

All the contingencies and possibilities, the arguments for and against the Committee's proposal are then considered in succeeding chapters. By bringing the moral pressure of the world to bear upon an aggressor nation, and (if such nation persisted) by bringing about such action as might seriously hamper its military operations and jeopardize its civil industry and trade, the Committee believes war would be robbed of its profit and prestige. No one nation could undertake to sever connections with a pledge-breaker alone without increasing the difficulties and perhaps bringing war upon itself. But, if the whole world had announced in advance that it would apply economic sanctions to uphold the Pact of Paris, it is hardly conceivable that any nation would dare violate the world's peace.

It must be made clear that the Committee does not advocate war, nor proposals that would lead to war. The sanctions advocated would be enforced by the police and port authorities, not by military or naval units. It amounts to international passive resistance by right of law. Because of coercive measures used to enforce what was supposed to be a voluntary boycott in China, the title of the book would have had a better connotation here had it been called, "Embargoes and Peace." There is no proposal to put an embargo on food stuffs, thus causing greater suffering to civilian populations than to the military, and a heavier burden on women and children than on the men. On this point, they state frankly:

> "For effectiveness, and for moral standing, a really successful food embargo ranks well in advance of torpedoing hospital ships, and is somewhere near the class of gassing maternity hospitals."

The findings review the Hague Conferences, the establishment of the World Court, the organization of the League of Nations, making clear the contribution of each to the elimination of war as an instrument of national policy. Cognizance is taken of such recent contributions as the "Hoover doctrine" (enunciated through Secretary Stimson in the identical notes to China and Japan on January 8th, 1932), and the "Capper Resolution" (providing for a program of American action parallel to that of the League, so as not to work at cross purposes in an effort to reach the same ends).

In a manner not too technical for the reader interested in world affairs to follow, the research findings on the legal and political aspects of boycotts are presented, and also in the military and economic aspects

of boycotts. There are supplementary chapters on "The Food and Cotton Dependency of Japan," "The Food Dependency of Italy," "The Food Dependency of Germany" and "The Effect of Credit Restrictions." The appendices show the war requirements and resources of the nations, the petroleum sources of the nations, the way in which Germany met the Raw Materials blockade during the World War, and gives the text and names the signatories to the Pact of Paris, as well as the text of sections dealing with violations from the Covenant of the League of Nations.

One of the most pertinent problems of the day is considered with much care: *i.e.*, the absolute impossibility of divorcing disarmament from the question of national security. The responsibility of the United States in this matter is presented. Moreover, a definite attempt to reconcile two opposing conceptions (that of the countries who insist on security first, and of those who insist on disarmament first) is made by suggesting a practical way of solving both problems simultaneously at the present Disarmament Conference.

Yet another pertinent contribution (in view of the hesitation of the League in the present crisis to declare either party involved the aggressor) is the proposal to make the aggressor declare itself by means of a technique agreed upon in advance. The signatories to the proposed Protocol to the Pact of Paris would agree that in event of the Council (or International Commission) requesting the parties engaged in hostilities to withdraw their respective forces, the state that refused to do so would thereby define itself as an aggressor and would have to bear the responsibility for the continuance of hostilities. This clarifies the tendency of many people to confuse the merits of the dispute with the form of its settlement.

"Boycotts and Peace" should be read by everyone interested in the settlement of international disputes by peaceful means. G. T. F.

Sovietism Under Fire

Revelations of a Soviet Diplomat, by Grigory Bessedovsky. Translated by Matthew Norgate. London: Williams & Norgate, Ltd.

"Revelations of a Soviet Diplomat" is not a castigation of the Five Year Plan, nor, in essence, a major criticism against the general theory of Communism as theoretically practised in the U.S.S.R. It is a condemnation of the inner politics which govern Soviet Russia and dictate its foreign as well as its domestic policy as told by one who served for eight years in the Soviet foreign diplomatic service.

Bessedovsky, from the point of view of a Communist who served in a diplomatic capacity in various posts including that of Charge d'Affaires in Tokyo and Paris, relates how his activities as a diplomat were checkmated by petty personal animosities within the foreign Comissariat at home, and how, at his post, his everyday activities were spied upon and antagonistically reported by the G. P. U., the secret police system of Soviet Russia which functions abroad as well as within the boundaries of the U.S.S.R.

The author confirms the generally believed charge that in every Soviet foreign representation abroad, whether it be commercial or diplomatic, are included representatives of the Kuomintern (the Third International) and the G.P.U. He pictures the life of a Soviet diplomat as a daily routine of circumventing jealous and damaging reports about the activities of the diplomatic personnel on one hand; with efforts, on the other, to prevent terrorist activities by the agents of the Kuomintern in the interests of the World Revolution.

Bessedovsky relates how, as Charge d'Affaires at Paris, he attempted to negotiate with Great Britain a commercial treaty, as a result of which, through personal opposition in Moscow, he was forced to flee the Embassy and renounce further allegiance to the U.S.S.R.

The book deals with various alleged activities of the Soviet Republic in Chinese revolutionary politics, and, from that point of view alone, should be of interest to anyone who is a student of Far Eastern affairs.

B. K.

READERS of *The China Weekly Review* who may be interested in obtaining copies of any books which have been reviewed in these columns, may obtain them by sending their orders in care of *The Review*....If obtainable in Shanghai the books will be mailed immediately at retail prices prevailing in Shanghai, plus postage, or if not obtainable here, they will be ordered from the publishers abroad. Send orders or inquiries to Book Editor, *The China Weekly Review*, 38 Avenue Edward VII, Shanghai.

IN THE UNITED STATES CONSULAR COURT
FOR THE DISTRICT OF SHANGHAI, CHINA.

In re. Estate of DOMINADOR VILLARRUZ Deceased	Cause No. Special Proceedings No. 135 NOTICE

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Dominador Villarruz, deceased, to present the same with vouchers to the undersigned on or before May 26, 1933, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Shanghai, China. November 18, 1932.
RAVEN TRUST COMPANY Fed. Inc. U.S.A.

IN THE AMERICAN CONSULAR COURT
FOR THE DISTRICT OF SHANGHAI, CHINA.

In re. Estate of BERTHOLD CANN Deceased	Cause No. Special Proceedings No. NOTICE

Pursuant to an Order of side Court notice is hereby given to all persons having claims against the estate of Berthold Cann, deceased, to present the same with vouchers to the undersigned on or before May 19, 1933, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Shanghai, China. November 16, 1932.
RAVEN TRUST COMPANY 29 Nanking Road Shanghai.

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Feb. 27, 1932	Vol. 59 No. 13
March 5, 1932	Vol. 60 No. 1

Mail with statement to

THE CHINA WEEKLY REVIEW
38 Avenue Edward VII,
Shanghai.

Reconstruction in China Proceeds Apace

Highway Conference to Meet at Nanking

A highway conference will be convened at Nanking Dec. 17, in which representatives of the provinces of Kiangsu, Chekiang and Anhwei, and the Municipalities of Nanking and Shanghai will participate. The discussions will be confined to highway problems relating to these five areas.

New District on Hupeh-Kiangsi Border

Another new district to be called Lungyen will be created out of the area served by the towns of Lungkang and Yenhsia, on the Hupeh-Kiangsi border. Both Lungkang and Yenhsia had long been occupied by the "Reds" under Kung Ho-chung and were recaptured by the 26th Division under General Kuo ju-tung in the summer. The new district is to be placed under the jurisdiction of the Hupeh Provincial Government.

The Hupeh Provincial Mint has been converted into a machine shop for the manufacture of agricultural implements.

The step is taken in pursuance to an order of the Ministry of Finance prohibiting coinage by the Hupeh Provincial Mint as this would infringe the law vasting the right of minting coins exclusively in the Central Government,

Shanghai Ta-Cheng Airmail Service

The formal inauguration of the Shanghai-Ta-cheng airmail and passenger service which was scheduled to take place Dec. 15. According to officials of the Eurasia Aviation Corporation, only mail matter will be carried for the present. Passenger service will be started as soon as comparative safety is assured and the pilots become more accustomed to the peculiar atmospheric conditions of the North-west.

The *Eurasia No. 5*, which so successfully negotiated the last trial flight recently, is carrying the first sack of mail on the new airway.

Satisfactory progress in being made in the erection of the two additional lines, for the Nanking-Shanghai long-distance telephone service. Wires have been put up as far as Soochow from Shanghai and as far as Chinkiang from Nanking, the entire lines to be completed and open to traffic by New Years' Day.

The installation of these lines was ordered by the Ministry of Communications last month in order to cope with the increase of traffic.

Roads as an Aid in Overcoming Red-Bandits

A proposal submitted by General Ho Cheng-chun, Director of the Hankow Pacification Headquarters, for the construction of two highways from Laohokow, northern Hupeh, to Paiho, on the Hupeh-Shensi border, and from Paiho to Sian, Shensi, has been approved by the Commander-in-Chief's Headquarter for the Honan-Hupeh-Anhwei Bandit suppression Forces.

In order to facilitate military transportation in northwestern Hupeh and southern Shensi for the suppression of "Red" banditry there, General Ho suggests the building of these two roads which cover a distance of approximately 300 miles. It is understood that the Commander-in-Chief's Headquarters have instructed the Provincial Departments of Reconstruction for Hupeh and Shensi to act accordingly.

Plan on Foot to Connect Kowloon and Hankow Railway Lines at Canton

The possible linking of the Kowloon-Canton Railway with the Canton-Hankow Railway is frequently mentioned of late in Hongkong. It is stated that the Canton government is willing to join up these two railways by a loop-line at Canton, provided a foreign loan of $15,000,000 is forthcoming. The two lines at Canton are separated by about six miles, each station being located at the extreme outskirts of the city. People in Hongkong are most anxious that passengers on the Kowloon-Canton Railway should be able to travel through the Canton-Hankow Railway without making changes at Canton.

Soviet's Rug Industry Thrives at the Expense of China's

A recent *Tass* message from Moscow stated that while the rug industry in the rest of the world is languishing, the industry in Soviet Russia is forging ahead rapidly, It was stated that out of the 700 rug factories in Tientsin, the main center for the manufacture of Chinese rugs, 500 have closed down. Thousands of workers have been thrown out of work. Yet at the same time within Soviet Russia and especially in Turkmenistan, the manufacture of rugs has considerably increased.

Second National Civil Affairs Conference Meets at Nanking

The Second National Civil Affairs Conference which has been convened under the auspices of the Ministry of Interior to discuss and decide upon concrete measures for the improvement of the country's civil administration was formally opened in the auditorium of the Overseas Chinese Hostel at Nanking Dec. 10. General Huang Shao-hsiung, Minister of Interior, presided.

Besides representatives of the Party and the Government, about one hundred delegates—representing 23 provinces, 4 municipalities and the special administrative area of Weihaiwei—were present.

Among the Government leaders present were: President Lin Sen; Dr. Chu Min-i, representing the C.E.C.; and General Ho Yao-tsu, representing General Chiang Kai-shek.

The following Proposals Examination Committees were appointed at the meeting:—

Civil Affairs Committee consisting of 31 members; meetings to be convened by Wang Hsien-chang.

Police Affairs Committee, consisting of 34 members; meetings to be convened by Li Sung-feng.

Statistics and Social Customs Committee, consisting of 15 members; meetings to be convered by Lu Shih-yung.

Land and Water Conservancy Committee, consisting of 18 members; meetings to be convened by Cheng Chen-yu.

Public Health Committee, consisting of 8 members; meetings to be convened by Dr. J. Heng Liu.

Foreign Newspaper Correspondents Misrepresent National Government's Attitude

In connection with the defeat of General Su Ping-wen there has occurred once more a glaring example of how the National Government is misrepresented by a certain class of foreign newspaper correspondents in China. Word was received in Shanghai during the week that American newspapers had printed a dispatch from Shanghai reading as follows: "Nanking officials are relieved at the collapse of General Su Ping-wen and his officials because they (Nanking) disbelieve in the success of the Volunteers and feared that the Volunteers were aggravating the Japanese to invade North China."

The real sentiments of the National Government were expressed by T. V. Soong, acting head of the National Government, who in an interview at Nanking Dec. 10 said it was regrettable that General Su Ping-wen had been defeated, but as General Su's troops consisted principally of railway guards and he was cut off from all support, it was not to be expected that he could hold out indefinitely. "Nevertheless," continued Mr. Soong, his "elimination does not mean the collapse of the Volunteer movement. Other Su Ping-wen's will arise so long as the manhood of China is not extinct. General Ma Chan-shan and General Li Tu and a host of lesser military men are still in the field against Japan."

American Banking System to Follow British Model

Democratic financial experts in the House and Senate last week began drafting a drastic banking reform bill designed to give American banking some of the strength if not the form of the British system which President Hoover praised in his recent message to Congress. Centralization of power in the Federal Reserve Board and the authority to compel all banks in the nation to conform to the Federal Reserve requirements, is the keystone of the proposed bill.

Most of the banks that have failed in the United States are banks chartered by the states and over which the Comptroller of Currency has no authority. Five-sixths of the failures have been those of state banks.

Prominent Cantonese Diplomat Dies a Tragic Death

The death, from alleged snake poisoning, occurred at Canton on Dec. 10 of Chu Chao-hsin, prominent Cantonese diplomat, after a snake dinner which was served in honor of Admiral Howard Kelly, British Commander-in-chief of China Station, who is now on a visit to Canton, according to a *Reuter* message from Canton on Dec. 11. Mr. Chu appeared cheerful during the dinner, but when he went home afterwards, he was seized with violent vomiting and a severe headache. Subsequently, he died that night. While the exact cause of his death has not yet been definitely ascertained by the doctors, it is said that Mr. Chu swallowed a snake-bone during the dinner which discharged poison and so caused his death.

Chu Chao-hsin

Mr. Chu was a native of Kwangtung and 52 years of age. He had a long and distinguished career in Chinese diplomatic service and on several occasions represented China at the League of Nations. The latest post he held was Inspector-General of Foreign Affairs of the South-Western Provinces with Headquarters at Canton. During his youth, Mr. Chu won scholastic honors under the Manchu Regime by competitive examination and later went to the United States where he was graduated from Columbia University with B.Sc. and M. A. degrees. After his return to China, he served first as professor of the Peking National University and councillor to President Yuan Shih-kai. He was Commissioner of Foreign Affairs at Shanghai in 1917 and served as Consul-General at San Francisco from 1918-21. Between 1922 and 1927, he served intermittently as Chinese Charge d'Affaires at London Chinese Legation, Minister to Rome, China's delegate to the League of Nations. During the tenure of Dr. C. T. Wang as Minister of Foreign Affairs of the National Government, he served concurrently as Vice-Minister of Foreign Affairs and Commissioner of Foreign Affairs at Canton.

Mr. Chu is survived by an aged mother and five sons and seven daughters.

British Court Decides "Gold Bond" May Be Discharged with Paper

A case which recently came up in the British Courts where bonds issued by a Belgian limited liability company calling for the payment of £100 "in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on September 1, 1928," was decided to the effect that these words were not to be taken literally but were to be construed as meaning £100 of current legal tender in paper currency.

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Little Willie's Ideas On Anatomy

"Anatomy" wrote little Willie laboriously, "is the human body, which consists of three parts, the head, the chist and the stummick. The head contains the eyes, nose, mouth and brains—if any. The chist contains the lungs for shouting with a piece of liver. The stummick is devoted to the bowels, of which there are five, a,e,i,o and u and sometimes w and y."

Little Willie's lack of knowledge of his internal organs may be accounted for by the fact that he never experiences any trouble with his own. His mother relies upon Baby's Own Tablets, and these effectively keep him in order—at least, as far as his health is concerned.

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Third Plenary Session Discusses Methods of Opposing Japan

The third plenary session of the Central Executive Committee and Central Supervisory was scheduled to commence its formal meetings at Nanking on December 15.

Among the outstanding problems that are being taken up for solution at the Third Plenary Session is the allocation of the post of president of the Executive Yuan. T. V. Soong, the Finance Minister, has repeatedly signified his intention of relinquishing the post of acting president at the convention of the Session. Wang Ching-wei, the president, is recuperating in hospital in Germany and there is no indication of his early return to Nanking. It is also reported that Mr. Wang has tendered his resignation in view of his indisposition and possibly long absence abroad.

While the original system is likely to be retained, leading officials at the capital expect some changes in the Central organisation. The report that the power of the chairman of the government will be increased has aroused strong opposition on the part of the C.E.C. members in the south.

The prevention of a dictatorship in China, resistance to Japanese aggression and the suppression of Communists was demanded in a manifesto issued by several members of the Central Executive Committee at Canton who did not proceed to Nanking to attend the C.E.C. plenary session.

The Canton leaders are making the following recommendations:—That armed resistance be made against Japanese aggression; that the Chinese people as a whole shall support the Volunteers in Manchuria; that drastic actions be taken against the communist-bandits; that the Lytton Report should not be accepted; and that precautionary measures be taken against the formation of a dictatorship government.

It is learned on good authority that at the suggestion of Wang Ching-wei, an arrangement has been reached between himself and General Chiang Kai-shek to the effect that any proposal submitted by either of them to the 3rd plenary session should bear the signatures of both. In other words, if either of them intends to submit any proposal at all, such proposal will be submitted jointly. This, it is expected, (says *Kuo Min*) will serve to dispel any rumors of alleged disagreement between General Chiang and Mr. Wang.

A Government official said the session will be devoted primarily to consideration of the present Sino-Japanese situation.

In connection with rumors which have been current recently that the Central Authorities intend to propose at the 3rd plenary session a revision of the Organic Law of the National Government providing virtually for a reversion to the Presidential system of government which existed prior to the Canton-Nanking rapprochment last year, it is understood that the matter was brought up for discussion at a meeting of the Central Political Council at Nanking Dec. 7. As these unfounded rumors are stated to have deterred some of the C.E.C. members in the south from coming to attend the session, it was suggested that the Party and Government Authorities should issue an official denial in order to dispel possible misunderstanding among the public as well as among some of the C.E.C. members. The question, it is understood, was finally referred to the Standing Committee of the C.E.C.

Su Fo in Critical Mood

Sun Fo, son of Dr. Sun Yat-sen, founder of the Kuomintang, issued a lengthy manifesto, which was in the nature of an attack on the Kuomintang, he declaring incidentally that his father's principles need modernizing. Sun Fo's manifesto advocated the organization of a government manned by leaders of all factions and cliques. He deplored the present differences held by the party leaders and the restrictions on the freedom of speech.

Concerning foreign affairs, Sun Fo contended that resistance against Japanese imperialism should dominate and guide China's diplomatic policy. At the same time, he urged that more friendly relations be built up with the United States, Great Britain, Soviet Russia and other friendly powers. The building of a strong national defense also was urged by Sun Fo. He suggested the expansion of China's naval and air forces and the introduction of submarines and other modern fighting equipment. In connection with the internal administration he urged the realization of real democracy and the granting to the people their right to handle state's affairs. He criticized the present state of affairs in which the various leaders continue to hold their personal differences and fail to unite and form a concerted front. He deplored the alleged usurpation of power and tyrannical actions of the individual Kuomintang members. He denounced the blind obedience to the Three People's Principles and urged the adaptation of the party doctrine to the present situation.

Originally framed by Sun Fo, the resolutions were signed by many of the C.E.C. members now in Shanghai. Among the signatures attached to this document are those of Dr. C. C. Wu, Admiral Chen Chah, General Chang Hui-chang, Ma Chao-tsin and Liang Han-tsao.

Among the absentees at the third plenary session is General Chang Hsueh-liang, Acting Chairman of the Peiping branch of the Military Affairs Commission. He telegraphed to the Central authorities that he will be unable to attend owing to the critical situation at Jehol and Shanhaikwan.

Chang Chia, "Living Buddha" of Kokonor (Chinghai), arrived at Nanking Dec. 11. In an interview, the Kokonor leader said that he was coming to the Capital to consult the Authorities regarding his new duties as Special Commissioner for the Diffusion of Culture among the Mongolian Banners. He will also utilize the occasion of the 3rd plenary session to report to the Authorities on conditions in Inner Mongolia.